



PT Duta Pertiwi Tbk and Its Subsidiaries

Consolidated Financial Statements
For the Years Ended
December 31, 2005 and 2004

And Independent Auditors' Report

PT DUTA PERTIWI Tbk AND ITS SUBSIDIARIES
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A Copy of the Directors' Statement on the Consolidated Financial Statements of PT Duta Pertiwi Tbk and Its Subsidiaries for the Year Ended December 31, 2005	

Independent Auditors' Report**No. 713306SA****The Stockholders, Boards of Commissioners and Directors
PT Duta Pertiwi Tbk**

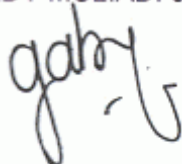
We have audited the consolidated balance sheets of PT Duta Pertiwi Tbk and its subsidiaries as of December 31, 2005 and 2004, and the related consolidated statements of income, changes in equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of PT Putra Alvita Pratama (PAP) (a subsidiary acquired in 2004) and PT Kembangan Permai Development (KPD) (a subsidiary acquired in 2005) as of and for the year ended December 31, 2005, which statements reflect total assets of Rp 1,119,518,885,553 or 24% of the total consolidated assets and net loss of Rp 8,042,786,013 or 13% of the total consolidated net income as of and for the year then ended. We also did not audit the financial statements of PAP as of and for the year ended December 31, 2004, which statements reflect total assets of Rp 558,673,770,511 or 12% of the total consolidated assets and net loss of Rp 2,920,804,651 or 5% of the total consolidated net income as of and for the year then ended. Those statements were audited by other independent auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for KPD and PAP, is based solely on the reports of the other independent auditors.

We conducted our audits in accordance with auditing standards established by the Indonesian Institute of Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of the other independent auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other independent auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of PT Duta Pertiwi Tbk and its subsidiaries as of December 31, 2005 and 2004, and the results of their operations, changes in their equity and their cash flows for the years then ended in conformity with accounting principles generally accepted in Indonesia.

Note 43 to the consolidated financial statements includes a summary of the effects the economic conditions in Indonesia have had on the Company and its subsidiaries. The accompanying consolidated financial statements do not include adjustments relating to the uncertainties resulting from the effects of the economic conditions.

DEDY MULIADI & REKAN



Gabriella Mulyamin Kurniawan
Public Accountant License No. 02.01.0825

March 1, 2006

The accompanying consolidated financial statements are not intended to present the financial position and the results of operations, changes in equity and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than those in Indonesia. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in Indonesia.

PT DUTA PERTIWI Tbk AND ITS SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2005 and 2004

	Notes	2005 Rp	2004 Rp
ASSETS			
Cash and cash equivalents	2c,2f,3,40	460,797,718,118	296,015,236,740
Investments	2c,2d,2g,4,39,40	512,057,491,280	1,299,522,748,837
Trade accounts receivable	2c,2d,2h,2i,5,39,40		
Related parties		1,072,726,491	1,091,929,533
Third parties		45,813,731,339	31,414,253,778
Other accounts receivable	2c,2d,2h,2i,6,39,40	7,630,050,852	12,716,692,942
Inventories - net of allowance for decline in value of Rp 59,144,915,408 in 2005 and 2004	2d,2j,2q,2s,7,39	1,046,932,425,747	1,126,451,213,040
Supplies	2k	852,575,210	772,606,896
Advances	8	2,891,789,181	6,922,762,824
Prepaid taxes	2u,9	45,211,210,379	51,775,860,703
Prepaid expenses	2d,2l,10,39	1,752,664,897	2,691,716,479
Deferred tax assets	2u,37	25,914,105,058	16,677,893,205
Land for development	2m,2q,2s,11	1,704,747,730,206	1,088,367,372,939
Property and equipment - net of accumulated depreciation of Rp 230,903,442,098 in 2005 and Rp 198,337,387,911 in 2004	2d,2n,2q,12,39	696,479,195,639	714,107,829,123
Property under build, operate and transfer - net of accumulated depreciation of Rp 7,010,595,126 in 2005 and Rp 4,679,294,900 in 2004	2o,2q,13,41	44,008,994,367	38,276,862,222
Goodwill - net of accumulated amortization of Rp 19,060,491,220 in 2005 and Rp 16,547,477,386 in 2004	2b,14	15,727,609,357	18,206,194,393
Other assets		250,000,000	250,000,000
TOTAL ASSETS		4,612,140,018,121	4,705,261,173,654

See accompanying notes to consolidated financial statements which are an integral part of the consolidated financial statements.

PT DUTA PERTIWI Tbk AND ITS SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2005 and 2004 (Continued)

	<u>Notes</u>	<u>2005</u> <u>Rp</u>	<u>2004</u> <u>Rp</u>
LIABILITIES AND EQUITY			
Liabilities			
Medium Term Notes	15	12,000,000,000	120,000,000,000
Loans from banks and other financial institutions	2c,2d,16,39,40	706,985,058,074	948,581,383,811
Bonds payable	2p,17	661,000,000,000	493,000,000,000
Trade accounts payable to third parties	18,46	10,195,088,221	16,158,070,638
Taxes payable	2u,19	12,011,898,910	8,848,486,365
Accrued expenses	2c,2d,20,39,40	81,437,979,910	86,436,892,905
Security deposits	2c,2d,21,39,40	59,704,053,879	54,975,223,568
Advances received	2d,2r,22,39	886,845,291,509	777,396,927,319
Deferred tax liabilities	2u,37	-	23,290,305
Defined-benefit post-employment reserve	2t,36	49,980,873,617	38,728,322,578
Convertible bonds	23	58,105,000,000	58,105,000,000
Other liabilities	24,46	<u>62,901,477,296</u>	<u>51,343,655,477</u>
Total Liabilities		<u>2,601,166,721,416</u>	<u>2,653,597,252,966</u>
Minority Interest in Net Assets of the Subsidiaries			
	2b,25	<u>433,537,711,335</u>	<u>375,880,959,800</u>
Equity			
Capital stock - Rp 500 par value per share			
Authorized - 2,000,000,000 shares			
Issued and paid-up - 1,387,500,000 shares	26	693,750,000,000	693,750,000,000
Additional paid-in capital	27	166,718,750,000	166,718,750,000
Unrealized loss on decline in fair value of investments	2g,4	(7,644,006)	-
Difference due to change in equity of a subsidiary	2g,29	1,885,346,263	1,519,314,933
Difference in value of restructuring transactions between entities under common control	2g,30	(27,438,750,126)	(27,438,750,126)
Retained earnings		<u>742,527,883,239</u>	<u>841,233,646,081</u>
Total Equity		<u>1,577,435,585,370</u>	<u>1,675,782,960,888</u>
TOTAL LIABILITIES AND EQUITY		<u>4,612,140,018,121</u>	<u>4,705,261,173,654</u>

See accompanying notes to consolidated financial statements which are an integral part of the consolidated financial statements.

PT DUTA PERTIWI Tbk AND ITS SUBSIDIARIES
Consolidated Statements of Income
For the Years Ended December 31, 2005 and 2004

	Notes	2005	2004
		Rp	Rp
REVENUES	2d,2r,31,39	891,189,913,540	900,126,759,773
COST OF REVENUES	2r,32	358,663,670,898	410,712,071,920
GROSS PROFIT		532,526,242,642	489,414,687,853
OPERATING EXPENSES	2r,33		
Selling		107,917,254,811	104,246,665,488
General and administrative	2d,2n,2o,2t,33,36,39	314,568,287,060	272,974,161,105
Total Operating Expenses		422,485,541,871	377,220,826,593
INCOME FROM OPERATIONS		110,040,700,771	112,193,861,260
OTHER INCOME (EXPENSES)			
Interest and investment income	2d,34,39	53,566,998,255	29,378,942,887
Recovery from decline in value of investments	2g,4	5,580,825,135	-
Gain on sale of property and equipment	2n,12	826,480,000	905,656,663
Amortization of:			
Discount on bonds payable	2p,17	(2,000,000,000)	(1,999,999,998)
Goodwill	2b,2g,14	(2,513,013,836)	(2,303,017,211)
Loss on foreign exchange - net	2c	(11,825,319,000)	(3,693,679,934)
Interest expense	2d,35,39	(172,521,371,715)	(120,060,909,191)
Others - net		121,181,489,249	83,813,695,596
Other Expenses - net		(7,703,911,912)	(13,959,311,188)
EQUITY IN NET INCOME OF ASSOCIATED COMPANIES	2g,4	38,537,000	9,590,901,789
INCOME BEFORE TAX		102,375,325,859	107,825,451,861
TAX EXPENSE (BENEFIT)	2u,37		
Current tax		22,878,600,686	20,358,263,661
Deferred tax		(9,259,502,158)	(3,493,277,708)
		13,619,098,528	16,864,985,953
INCOME BEFORE MINORITY INTEREST IN NET INCOME OF THE SUBSIDIARIES		88,756,227,331	90,960,465,908
MINORITY INTEREST IN NET INCOME OF THE SUBSIDIARIES	2b,25	(27,899,490,173)	(31,317,489,812)
NET INCOME		60,856,737,158	59,642,976,096
BASIC EARNINGS PER SHARE	2v,38	43.86	42.99

See accompanying notes to consolidated financial statements which are an integral part of the consolidated financial statements.

PT DUTA PERTIWI Tbk AND ITS SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2005 and 2004

	Notes	Capital Stock Rp	Additional Paid-in Capital Rp	Unrealized Loss on Decline in Fair Value of Investments Rp	Difference Due to Change in Equity of a Subsidiary Rp	Difference in Value of Restructuring Transactions Between Entities Under Common Control Rp	Retained Earnings Rp	Total Equity Rp
Balance as of January 1, 2004		693,750,000,000	166,718,750,000	-	1,087,188,844	(27,438,750,126)	781,590,669,985	1,615,707,858,703
Difference due to change in equity of a subsidiary	2g,29	-	-	-	432,126,089	-	-	432,126,089
Net income for the year		-	-	-	-	-	59,642,976,096	59,642,976,096
Balance as of December 31, 2004		693,750,000,000	166,718,750,000	-	1,519,314,933	(27,438,750,126)	841,233,646,081	1,675,782,960,888
Unrealized loss on decline in value of investments	2g,4	-	-	(7,644,006)	-	-	-	(7,644,006)
Difference due to change in equity of a subsidiary	2g,29	-	-	-	366,031,330	-	-	366,031,330
Cash dividends	28	-	-	-	-	-	(159,562,500,000)	(159,562,500,000)
Net income for the year		-	-	-	-	-	60,856,737,158	60,856,737,158
Balance as of December 31, 2005		<u>693,750,000,000</u>	<u>166,718,750,000</u>	<u>(7,644,006)</u>	<u>1,885,346,263</u>	<u>(27,438,750,126)</u>	<u>742,527,883,239</u>	<u>1,577,435,585,370</u>

See accompanying notes to consolidated financial statements which are an integral part of the consolidated financial statements.

PT DUTA PERTIWI Tbk AND ITS SUBSIDIARIES
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2005 and 2004

	2005	2004
	Rp	Rp
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	1,117,412,456,771	1,067,407,261,878
Cash paid to contractors, suppliers and others	(211,375,802,629)	(181,368,224,023)
Cash paid to employees	(127,397,371,984)	(120,521,762,417)
Acquisitions of land	(74,521,795,872)	(532,152,718)
Other payments for operations	(754,725,365,306)	(609,110,313,628)
Cash generated from (used in) operations	(50,607,879,020)	155,874,809,092
Income tax paid	(20,979,397,141)	(22,799,548,583)
Net Cash Provided by (Used in) Operating Activities	(71,587,276,161)	133,075,260,509
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	55,490,596,391	26,831,417,478
Proceeds from sale of property and equipment	826,480,000	1,088,475,000
Withdrawal of (placements in) investments	724,529,172,817	(574,993,000,000)
Acquisitions of subsidiaries, net of cash acquired (Note 45)	(59,940,405,017)	(165,153,731,393)
Acquisitions of property and equipment	(15,940,554,256)	(6,644,583,336)
Withdrawal of (placements in) investments in time deposits	67,000,000,000	(4,852,509,664)
Net Cash Provided by (Used in) Investing Activities	771,965,289,935	(723,723,931,915)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Medium Term Notes	12,000,000,000	-
Payments of Medium Term Notes	(120,000,000,000)	-
Proceeds from (payments of) loans from banks and other financial institutions	(257,207,776,537)	720,642,090,714
Proceeds from issuance of convertible bonds	166,000,000,000	58,105,000,000
Interest paid	(178,964,588,356)	(116,692,890,669)
Cash dividends paid	(207,037,500,000)	(23,210,000,000)
Increase in subsidiaries' paid-up capital stock	47,800,000,000	-
Net Cash Provided by (Used in) Financing Activities	(537,409,864,893)	638,844,200,045
NET INCREASE IN CASH AND CASH EQUIVALENTS	162,968,148,881	48,195,528,639
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	296,015,236,740	237,810,030,683
Effect of foreign exchange rate changes	1,814,332,497	10,009,677,418
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	460,797,718,118	296,015,236,740
SUPPLEMENTAL DISCLOSURES		
Noncash investing activities:		
Net interest expense capitalized to land for development	5,761,781,707	395,004,899
Difference due to change in equity of a subsidiary	366,031,330	432,126,089
Property and equipment written-off	30,792,495	3,300,000
Conversion of investment in shares of stock to other receivables	-	1,022,000,000

See accompanying notes to consolidated financial statements which are an integral part of the consolidated financial statements.

PT DUTA PERTIWI Tbk AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
December 31, 2005 and 2004 and For the Years then Ended

1. General

a. Establishment and General Information

PT Duta Pertiwi Tbk ("the Company" or "the Parent Company") was established based on Notarial Deed No. 237 dated December 29, 1972 of Mohamad Said Tadjoedin, S.H., notary public in Jakarta. The Deed of Establishment was approved by the Minister of Justice and Human Rights of the Republic of Indonesia in his Decision Letter No. Y.A.5/116/20 dated May 4, 1973, and was published in State Gazette of the Republic of Indonesia No. 94 dated November 25, 1986, Supplement No. 1441. The Articles of Association have been amended several times, most recently by Notarial Deed No. 42 dated July 25, 1998 of Adam Kasdarmadji, S.H., notary public in Jakarta, concerning the amendment of the entire Articles of Association to conform with the decision letter issued by the Chairman of the Capital Market Supervisory Agency (Bapepam). This amendment was approved by the Minister of Justice and Human Rights of the Republic of Indonesia in his Decision Letter No. 119.1/BH-09-01/IV/1999 dated April 5, 1999, and was published in State Gazette of the Republic of Indonesia No. 78 dated September 28, 1999, Supplement No. 260. The Company's Articles of Association have been amended to conform with Corporate Law No. 1 of 1995, the law on Limited Liability Companies.

The Company is domiciled in Jakarta and its real estate projects, namely, International Trade Center (ITC) Mangga Dua Shopping Center, Mangga Dua Ruko, Dusit Arcade, Mangga Dua Mall, Mangga Dua Court Apartment, Wisma Eka Jiwa, Taman Duta Mas housing complex, Mega ITC Cempaka Mas, Duta Mas Fatmawati, Ruko Roxy Mas, ITC Fatmawati, Harcomas Mangga Dua, ITC Roxy Mas and Apartment and Roxy II are located in Jakarta, while the Pusat Grosir Wonokromo Shopping Center is located in Surabaya. The Company's head office is located at ITC building, 8th Floor, Jalan Mangga Dua Raya, Jakarta.

In accordance with article 3 of the Company's Articles of Association, the scope of its activities is to engage mainly in construction and real estate development, and general trading business. The Company started commercial operations in real estate business on October 1, 1988. Prior to October 1988, the Company was engaged in construction business only.

b. Public Offering of Shares and Bonds

Shares Offering

On September 26, 1994, the Company obtained the Notice of Effectivity of Share Registration from the Chairman of the Capital Market Supervisory Agency (Bapepam) in his letter No. S-1665/PM/1994 for its offering to the public of 25,000,000 shares with Rp 1,000 par value per share at an offering price of Rp 3,150 per share. On November 2, 1994, all of these shares were listed in the Jakarta and Surabaya Stock Exchanges.

On March 24, 1997, the Company obtained the Notice of Effectivity from the Chairman of Bapepam in his letter No. S-447/PM/1997 for its limited public offering with preemptive rights of 693,750,000 shares through rights issue to stockholders. On April 15, 1997, all of these shares were listed in the Jakarta and Surabaya Stock Exchanges.

As of December 31, 2004 and 2003, all of the Company's 1,387,500,000 outstanding shares were listed in the Jakarta and Surabaya Stock Exchanges.

Bonds Offering

As discussed in Note 17, the Company issued Duta Pertiwi IV (DP IV) bonds in 2003 which have been listed in the Surabaya Stock Exchange.

PT DUTA PERTIWI Tbk AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
December 31, 2005 and 2004 and For the Years then Ended

1. General (Continued)

c. Consolidated Subsidiaries

The Company has ownership interest of more than 50% in the following subsidiaries which are engaged in real estate, property, hotel and information technology businesses:

Subsidiary (PT)	Domicile	Nature of Business	Project Name	Start of Commercial Operations	Percentage of Ownership		Total Assets (Before Elimination)	
					2005	2004	2005	2004
							Rp	Rp
Royal Oriental	Jakarta	Office space	Plaza BII	1997	74.11%	74.11%	687,823,702,038	802,697,955,847
Putra Alvita Pratama **	Bekasi	Real estate	Grand Wisata	1994	53.52%	53.52%	659,348,985,787	558,673,770,511
Kembangan Permai Development **	Jakarta	Real estate	Taman Permata Buana	Development stage	80.00%	-	460,169,899,766	-
Misaya Properindo	Cibubur	Real estate	Legenda Wisata	1999	100%	100%	248,857,536,502	247,040,255,249
Sinarwijaya Ekapratista	Tangerang	Real estate	Taman Banjar Vijaya	1991	100%	96.88%	202,168,466,352	213,877,770,171
Kurnia Subur Permai	Cibubur	Real estate	-	Development stage	100%	100%	198,000,000,000	164,550,331,944
Perwita Margasakti	Jakarta	Apartment and shopping center	Superblok Ambassador Kuningan and ITC Kuningan Project	1995	100%	100%	197,196,266,681	205,473,480,761
Saranapapan Ekasejati	Cipanas	Real estate	Kota Bunga	1994	100%	100%	129,629,892,242	154,815,871,390
Sinarwisata Lestari	Jakarta	Hotel	Dusit Mangga Dua Hotel	1996	100%	100%	112,130,078,159	113,937,916,249
Mitrakarya Multiguna	Surabaya	Warehousing	-	Development stage	100%	86.00%	100,199,762,799	89,501,907,985
Prestasi Mahkota Utama	Bekasi	Real estate	-	Development stage	100%	100%	90,053,209,475	40,491,633,151
Duta Semesta Mas	Jakarta	Apartment and shopping center	ITC Pasar Minggu	Development stage	60.00%	-	86,627,027,645	-
Sinarwisata Permai	Balikpapan	Hotel	Dusit Inn Balikpapan	1994	100%	100%	73,650,420,945	72,442,611,565
Mustika Karya Sejati	Jakarta	Real estate	Taman Permata Buana	1994	100%	100%	23,728,710,784	30,464,143,352
Pangeran Plaza Utama	Cipanas	Real estate	Kota Bunga	1994	100%	100%	2,004,652,485	2,139,394,449
Duta Virtual Dot Com *	Jakarta	Information technology	-	2000	98.67%	98.67%	94,323,732	91,803,991

* Unaudited

** Audited by other auditors

During 2005, the Company acquired 80% of PT Kembangan Permai Development's common shares with acquisition cost amounting to Rp 8,800,000,000 and acquired 60% of PT Duta Semesta Mas' common shares with acquisition cost amounting to Rp 51,480,000,000.

d. Board of Commissioners, Directors and Employees

The Company is one of the companies under the PT Paraga Artamida group. As of December 31, 2005, based on the Stockholders' Meeting held on December 7, 2004, as documented in Notarial Deed No. 4 of P. Sutrisno A. Tampubolon S.H., M.Kn., notary public in Jakarta, the Company's Board of Commissioners and Board of Directors consisted of the following:

President Commissioner	:	Franky Oesman Widjaja
Vice President Commissioner	:	Djafar Widjaja
Commissioners	:	Arthur Tahya Joseph Jo Liat Tjiang Simon Lim
Independent Commissioners	:	Sonny Harsono Djojoadisoeprapto Teddy Pawitra
President Director	:	Muktar Widjaja
Vice President Director	:	Welly Setiawan Prawoko
Directors	:	Franciscus Xaverius Ridwan Darmali Glen Hendra Gunadirdja Harry Budi Hartanto Hermawan Wijaya Julius Kajo Petrus Kusuma Stevanus Hartono

PT DUTA PERTIWI Tbk AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
December 31, 2005 and 2004 and For the Years then Ended

1. General (Continued)

The Company had a total number of 1,466 employees in 2005 and 1,502 employees in 2004. The total number of employees of the Company and its subsidiaries is 4,046 employees in 2005 and 4,021 employees in 2004.

The Board of Directors completed the consolidated financial statements of PT Duta Pertiwi Tbk and its subsidiaries on March 1, 2006 for the year ended December 31, 2005 and on March 1, 2005 for the year ended December 31, 2004, and was responsible for the consolidated financial statements.

2. Summary of Significant Accounting Policies

a. Basis of Consolidated Financial Statement Presentation and Measurement

The consolidated financial statements have been prepared using accounting principles and reporting practices generally accepted in Indonesia, such as the Statements of Financial Accounting Standards (PSAK) and the regulations of the Capital Market Supervisory Agency (Bapepam). Such consolidated financial statements are an English translation of the Company and its subsidiaries' statutory report in Indonesia, and are not intended to present the financial position, results of operations, changes in equity and cash flows in accordance with accounting principles and reporting practices generally accepted in other countries and jurisdictions.

The measurement basis used is the historical cost, except for certain accounts which are measured on the bases described in the related accounting policies, such as investments in debt securities and mutual fund which are stated at fair value and inventories, which are stated at the lower of cost and net realizable value. The consolidated financial statements, except for the consolidated statements of cash flows, are prepared under the accrual basis of accounting.

The consolidated statements of cash flows are prepared using the direct method with classifications of cash flows into operating, investing and financing activities.

The reporting currency used in the preparation of the consolidated financial statements is the Indonesian Rupiah (Rupiah).

b. Principles of Consolidation

The consolidated financial statements include the financial statements of the Company and its controlled subsidiaries, wherein the Company has direct or indirect ownership interest of more than 50% of the voting rights of the subsidiary's capital stock and is able to govern the financial and operating policies of an enterprise so as to benefit from its activities.

When an entity either began or ceased to be controlled during the year, the results of operations of that entity are included in the consolidated financial statements only from the date that the control commenced up to the date that the control ceased.

Intercompany balances and transactions, including unrealized gains or losses on intercompany transactions are eliminated to reflect the financial position and the results of operations of the Company and its subsidiaries as one business entity.

PT DUTA PERTIWI Tbk AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements
December 31, 2005 and 2004 and For the Years then Ended

2. Summary of Significant Accounting Policies (Continued)

b. Principles of Consolidation (Continued)

The consolidated financial statements are prepared using uniform accounting policy for like transactions and events in similar circumstances. If a subsidiary's financial statements uses accounting policies other than those adopted in the consolidated financial statements, appropriate adjustments are made to its financial statements.

Minority interest represents the minority stockholders' proportionate share in the net income and equity of the subsidiaries which are not wholly owned, which is presented based on the percentage of ownership of the minority stockholders in the subsidiaries.

The losses applicable to the minority stockholders in a consolidated subsidiary may exceed the minority stockholders' interest in the net assets of the subsidiaries. The excess, and any further losses applicable to the minority are charged against the majority interest, except to the extent that the minority has a binding obligation to, and is able to, absorb such losses and the minority stockholders can settle their obligations. If the subsidiary subsequently reports profits, such profits shall be allocated to the majority stockholders up to the amount of the minority stockholders' share in losses previously absorbed by the majority which have been recovered.

The excess of acquisition cost over the Company's interest in the fair value of the net assets of the acquired subsidiaries, which are engaged in the real estate and property businesses, as that of the Company's, is recorded as goodwill and is amortized using the straight-line method over twenty years. On the other hand, when the cost of acquisition is less than the Company's interest in the fair value of the net assets of the subsidiaries, the difference is recorded as negative goodwill, and is amortized using the straight-line method over twenty years.

c. Foreign Currency Transactions and Balances

The books of accounts of the Company and its subsidiaries are maintained in Rupiah. Transactions during the year involving foreign currencies are recorded at the rates of exchange prevailing at the time the transactions are made. At balance sheet date, monetary assets and liabilities denominated in foreign currencies are adjusted to reflect the rates of exchange prevailing at that date as published by Bank Indonesia. The conversion rates used by the Company and its subsidiaries were as follows:

<u>Foreign Currency</u>	<u>2005</u>	<u>2004</u>
	Rp	Rp
US\$ 1	9,830	9,290
¥ 1	83.42	90.42

The resulting gains or losses are credited or charged to current operations, except for those foreign exchange differentials related to the development of real estate projects, which are capitalized to real estate inventories and land for development.

d. Transactions with Related Parties

Related parties consist of the following:

- (1) Companies that, through one or more intermediaries, control, or are controlled by, or are under common control with, the Company and its subsidiaries (including holding companies, subsidiaries and fellow subsidiaries);

2. Summary of Significant Accounting Policies (Continued)

d. Transactions with Related Parties (Continued)

- (2) Associated companies;
- (3) Individuals owning, directly or indirectly, an interest in the voting power of the Company and its subsidiaries that gives them significant influence, and close family members of such individuals (close family members are those who can influence or can be influenced by such individuals in their transactions with the Company and its subsidiaries);
- (4) Key management personnel, that is, those persons having authority and responsibility for planning, directing and controlling the activities of the Company and its subsidiaries, including commissioners, directors and managers of the Company and its subsidiaries and close family members of such individuals; and
- (5) Companies in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in (3) or (4), or over which such person is able to exercise significant influence. This includes companies owned by commissioners, directors or major stockholders of the Company and its subsidiaries, and companies that have a common member of key management with that of the Company and its subsidiaries.

All transactions with related parties, whether or not done under similar terms and conditions as those done with third parties, are disclosed in the consolidated financial statements.

e. Use of Estimates and Disclosure of Contingencies

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in Indonesia requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

f. Cash and Cash Equivalents

Cash consists of cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from the date of placements, and which are not used as collateral and are not restricted.

g. Investments

(1) Time deposits

Time deposits with maturities of three months or less from the date of placements which are used as collateral or are restricted, and time deposits with maturities of more than three months from the date of placements, are presented under "Investments." Time deposits are stated at nominal value.

2. Summary of Significant Accounting Policies (Continued)

g. Investments (Continued)

(2) Investments in securities for which fair value is readily available

Investments in securities for which fair value is readily available consist of debt and equity securities, and mutual fund, which are classified based on management's intention at acquisition as follows:

(a) Trading

Investments in securities for trading consist of securities and mutual fund purchased and owned for resale in the near future. Securities and mutual fund for trading usually show a very high frequency of purchases and sales. These securities and mutual fund are owned with the objective of obtaining profit from short-term price differences. Investments in securities and mutual fund for trading are stated at fair values. Unrealized gains or losses from the increase or decrease in fair values are recognized in the current operations.

(b) Available-for-sale

Investments in securities and mutual fund which are not classified under either the "trading" or "held-to-maturity" categories are stated at fair values. Unrealized gains or losses from the increase or decrease in fair values are recognized as a component of equity, and shall not be recognized as gain or loss until realized.

If there is a permanent decline in fair value, the cost basis of the individual security and mutual fund is written-down to its fair value as a new cost basis and the amount of write-down is recognized in the consolidated financial statement as realized loss. The difference between the total amount received at the time of realization with the carrying value of the investment is recognized in the statement of income.

For the computation of realized gains or losses, the cost of equity securities and mutual fund is determined using the weighted average method, while the cost of debt securities which are held-to-maturity is determined using the specific identification method. Allowance for decline in value is presented as a deduction from the outstanding balance of investments in securities.

(c) Held-to-maturity

Investments in debt securities which are held-to-maturity are stated at cost, adjusted for the unamortized premium or discount.

(3) Long-term investments in shares of stock for which fair value is not readily available

Investments in associated companies

Investments in shares of stock with ownership interest of less than 20% are accounted for using the cost method.

Under the cost method, an investor records its investment in the investee at cost. The investor recognizes income only to the extent that it receives profit distribution (dividends, except stock dividends) from the accumulated net profits of the investee arising subsequent to the date of acquisition by the investor. Dividends received in excess of such profits are considered as a recovery of investment and are recorded as a reduction from the cost of the investment.

2. Summary of Significant Accounting Policies (Continued)

g. Investments (Continued)

Investments in shares of stock with ownership interest of 20% to 50%, directly or indirectly owned, are accounted for using the equity method whereby the investor's proportionate share in the income or loss of the associated company after the date of acquisition is added to or deducted from, and the dividends received are deducted from, the acquisition cost of the investments. Equity in net income or losses is adjusted for the straight-line amortization of goodwill over twenty years.

Under the equity method, if an investor's share of losses in an associate equals or exceeds the carrying amount of an investment, the investment is reported at nil value. Additional losses will be accrued by the investor if a liability has arisen or if the investor pays the associate's liabilities guaranteed by the investor. If the associate subsequently reports profits, the investor will recognize income only after its share of the profits equals the share of net losses not recognized.

When there is a permanent decline in value of investments, the carrying amount of the investments is written-down to recognize a permanent decline in value of the individual investments which is charged directly to current operations.

Changes in equity of the subsidiaries or associated companies

The changes in value of investments due to changes in equity of the subsidiaries or associated companies which do not arise from capital transactions between the investor company and such subsidiaries or associated companies are recognized as "Difference Due to Change in Equity of Subsidiaries/Associated Companies," as a component of equity. At the time the investment is disposed of, the difference resulting from changes in equity of the subsidiaries or associated companies is recognized as income or expense in the same period in which the related gain or loss on disposal is recognized.

Restructuring transactions between entities under common control

Restructuring transactions between entities under common control in the form of transfer of assets, liabilities, shares or other instruments of ownership carried out within the framework of reorganizing the entities under the same business segment, do not constitute a change of ownership within the meaning of economic substance, so that such transactions would not result in a gain or loss to the company, group or to the individual entity within the same group.

Since a restructuring transaction between entities under common control does not result in a change of the economic substance of the ownership of assets, shares, liabilities or other instruments of ownership which are exchanged, assets or liabilities transferred (in their legal form) must be recorded at book values.

Any difference between the transfer price and book value of each restructuring transaction between entities under common control shall be recorded in the account "Difference in Value of Restructuring Transactions Between Entities Under Common Control," which shall be presented as a component of equity.

2. Summary of Significant Accounting Policies (Continued)

g. Investments (Continued)

In July 2004, the Indonesian Institute of Accountants issued PSAK No. 38 (Revised 2004), regarding "Accounting for Restructuring among Entities Under Common Control," which is effective for the preparation and presentation of financial statements on or after January 1, 2005. This revised standard provides that balances of "Difference in Value of Restructuring Transactions Between Entities Under Common Control" account to be taken to the consolidated statements of income as realized gain or loss as a result of (1) lost of under common control substance, and (2) transfer of the assets, liabilities, equity or other ownership instruments to another party who is not under common control. On the other hand, when there are reciprocal transactions between entities under common control, the existing balance is netted-off with the new transaction, hence creating a new balance for this account.

h. Receivables

Receivable are stated at net realizable value, after providing allowance for doubtful accounts. Receivables deemed uncollectible are written-off.

i. Allowance for Doubtful Accounts

An allowance for doubtful accounts is provided based on management's evaluation of the collectibility of the individual receivable accounts at the end of the year.

j. Inventories

(1) Real estate inventories

Real estate inventories consist of land and buildings (houses, shophouses and buildings with strata title) ready for sale, buildings (houses, shophouses and buildings with strata title) under construction, and land under development which are stated at the lower of cost and net realizable value.

The cost of land under development consists of the acquisition cost of land for development, direct and indirect development costs and borrowing costs. Land under development is transferred to land and buildings ready for sale when land development is completed, based on the area of saleable lots.

The cost of land development, including the land used for roads and amenities and other non-saleable areas, is allocated based on the saleable area of the project.

The cost of buildings under construction includes construction costs, and is transferred to land and buildings ready for sale when the development of land and construction of buildings is completed. Cost is determined using the specific identification method.

The allocation of costs to the real estate project shall not cease because the realization of future revenues is less than the carrying value of the project. However, periodic provisions shall be made for these differences. The total provision shall reduce the carrying value of the project to its net realizable value, and shall be expensed in the current period when recognized.

Expenses incurred for repairs and maintenance of the completed projects, and those projects which are substantially ready for use are charged to current operations.

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2. Summary of Significant Accounting Policies (Continued)

j. Inventories (Continued)

Cost estimates and allocation are reviewed at the end of every reporting period until the project is substantially completed. If there are any substantial changes from the estimates, the Company and its subsidiaries will perform revisions and costs reallocation.

Costs which are not related to real estate development are expensed when incurred.

(2) Hotel inventories

Hotel inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. Hotel inventories that no longer have economic value, based on management's evaluation, are written-off and charged to current operations.

k. Supplies

This consists of building maintenance supplies which are stated at cost.

l. Prepaid Expenses

Prepaid expenses are amortized over their beneficial periods using the straight-line method.

m. Land for Development

Land for development is stated at the lower of cost and net realizable value.

The cost of land for development consists of pre-acquisition costs of the land, land acquisition costs and borrowing costs, and is transferred to land under development when the development of land has started.

n. Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation.

All property and equipment, except for land, are depreciated using the straight-line method based on the estimated useful lives of the assets as follows:

	<u>Years</u>
Buildings	20 - 30
Building improvements	5
Leasehold improvements	5
Furniture and fixtures	5
Transportation equipment	5

Land is stated at cost and is not depreciated.

When the carrying amount of an asset exceeds its estimated recoverable amount, the asset is written-down to its estimated recoverable amount, which is determined as the higher of net selling price and value in use.

2. Summary of Significant Accounting Policies (Continued)

j. Inventories (Continued)

The cost of maintenance and repairs is charged to operations as incurred; expenditures which extend the useful life of the asset or result in increased future economic benefits are capitalized. When assets are retired or otherwise disposed of, their carrying values and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the current operations.

o. Property Under Build, Operate and Transfer (BOT)

Property under BOT are stated at cost, less accumulated depreciation. Depreciation is computed using the straight-line method over the period of the BOT agreement which ranges from 20 to 30 years.

p. Bonds Issuance Costs

Bonds issuance costs are deducted directly from the proceeds of the related bonds to determine the net proceeds of the bonds. Differences between the net proceeds and nominal values represent discounts or premiums which are amortized using the straight-line method over the term of the bonds.

q. Impairment of Assets

In accordance with PSAK No. 48, "Accounting for Impairment of Assets," an assessment by management of the asset value is made at each balance sheet date to determine whether there is any indication of impairment of any assets and possible write-down to fair value whenever events or changes in circumstances indicate that the asset value may not be recoverable.

An asset's recoverable amount is computed as the higher of the asset's value in use and its net selling price.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. On the other hand, a reversal of an impairment loss is recognized whenever there is indication that the asset is not impaired anymore.

The amount of impairment loss (reversal of impairment loss) is recognized in the current year's operations.

r. Revenue and Expense Recognition

(1) Revenue Recognition

Revenues from sale of real estate inventories

Revenues from sale of real estate inventories are recognized based on PSAK No. 44, "Accounting for Real Estate Development Activities."

Revenues from sale of houses, shophouses and other similar buildings are recognized based on the full accrual method when all of the following conditions are met:

- The sale is consummated;

2. Summary of Significant Accounting Policies (Continued)

r. Revenue and Expense Recognition (Continued)

- The selling price is collectible, wherein the total payments made by the buyer is at least 20% of the total agreed selling price, and the amount paid cannot be refunded by the buyer;
- The seller's receivable is not subject to future subordination; and
- The seller has transferred to the buyer the usual risks and rewards of ownership in a transaction that is in substance a sale and does not have a substantial continuing involvement with the property.

Revenues from retail sale of land, without building thereon, are recognized based on the full accrual method when all of the following conditions are met:

- The total payments made by the buyer is at least 20% of the total agreed selling price, and that amount is not refundable;
- The selling price is collectible;
- The seller's receivable is not subject to future subordination;
- The land development process is complete so that the seller has no further obligations related to the land sold, such as a requirement to improve the land, or to construct facilities as agreed or is the obligation of the seller based on the purchase and sale contract or the provisions of prevailing laws and regulations; and
- Only the land is sold without any requirement of the seller's involvement in the construction of the building on the land.

Revenues from sale of condominiums, apartments, office buildings, shopping centers, other buildings of similar type and units of time-sharing ownership are recognized using the percentage-of-completion method if all of the following criteria are satisfied:

- The construction process has already commenced, that is, the building foundation has been completed and all of the requirements to commence construction have been fulfilled;
- The total payments made by the buyer is at least 20% of the total agreed selling price, and that amount is not refundable; and
- The amount of revenue and cost of the property can be reliably estimated.

Under the percentage-of-completion method, the amount of revenues and expenses recognized for each accounting period shall be determined in accordance with the level or percentage-of-completion of the property.

The level or percentage-of-completion of a real estate development is determined in proportion to the costs incurred up to a certain date relative to the estimated total costs of the real estate development.

The revenues from sale of condominiums, apartments, office buildings, shopping centers, other buildings of similar type and units of time-sharing ownership, construction of which have been completed, shall be recognized using the full accrual method.

If one or more of the criteria mentioned above are not met, all payments received from the buyers shall be recognized as advances received using the deposit method, until all of the criteria are met.

2. Summary of Significant Accounting Policies (Continued)

r. Revenue and Expense Recognition (Continued)

Rental and service revenues

Rental revenue is recognized over the term of the lease contract, while service revenue is recognized when services are rendered to the lessees.

Hotel room and other hotel revenues

Hotel room revenues are recognized based on actual room occupancy, while other hotel revenues are recognized when goods are delivered or when services are rendered to hotel guests.

Club membership revenue

Club membership revenue is recognized based on the membership period.

(2) Expense Recognition

Expenses are recognized when incurred.

s. Borrowing Costs

Borrowing costs are interest and exchange difference on foreign currency denominated borrowings and other costs (amortization of discounts/premiums on borrowings) incurred in connection with the borrowing of funds.

Borrowing costs are generally recognized as expense in the period in which they are incurred, except for those borrowing costs on loans obtained to finance the acquisition and development of a real estate asset, and which can be directly attributed to the real estate development activities, which are capitalized as part of the cost of land for development, and/or development costs of a real estate project.

If the borrowing is specifically used for the purpose of land acquisition and real estate project development, all borrowing costs incurred on that borrowing during the period, less any interest income earned from temporary investment on the unused borrowings, are capitalized.

The capitalization of borrowing costs will cease when project development is substantially completed and ready for its intended use.

t. Employee Benefits

Starting 2004, the Company and its subsidiaries adopted PSAK No. 24 (Revised 2004) "Employee Benefits."

Short-term employee benefits

Short-term employee benefits are in form of wages, salaries, bonuses and social security (Jamsostek) contribution. Short-term employee benefits are recognized at its undiscounted amount as a liability, after deducting any amount already paid, in the consolidated balance sheets, and as an expense in the consolidated statements of income.

2. Summary of Significant Accounting Policies (Continued)

t. Employee Benefits (Continued)

Post-employment benefits

Post-employment benefits are unfunded defined-benefit plans which amounts are determined based on years of service and salaries of the employees at the time of pension. The actuarial valuation method used to determine the present value of defined-benefit reserve, related current service costs and past service costs is the Projected Unit Credit. Current service costs, interest costs and effects of curtailments and settlements (if any) are charged directly to current operations. Past service costs which are already vested are charged to current year's operations, while actuarial gains or losses (if any) for working (active) employees are amortized on a straight-line basis over the employees' average remaining years of service.

u. Income Tax

(1) Final Income Tax

Based on Government Regulation No. 5 dated March 23, 2002, effective on May 1, 2002, the final tax on rental revenue is 10%. Prior to May 1, 2002, the final tax on rental revenue was 6%.

In accordance with the tax laws and regulations, income subject to final income tax shall not be reported as taxable income and all expenses related to income subject to final income tax are not deductible. However, such income and expenses are included in the profit and loss calculation for accounting purposes. Accordingly, no temporary difference, deferred tax asset and liability shall be recognized.

If the recorded value of an asset or liability related to final income tax differs from its taxable base, the difference shall not be recognized as deferred tax asset or deferred tax liability.

The current tax expense on income subject to final income tax shall be recognized in proportion to the total income recognized during the year for accounting purposes.

The difference between the amount of final income tax payable and the amount charged as current tax in the consolidated statements of income shall be recognized as prepaid taxes and taxes payable, accordingly.

(2) Nonfinal Income Tax

Current tax expense is determined based on the taxable income for the year computed using prevailing tax rates.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences to the extent that it is probable that taxable income will be available in future periods against which the deductible temporary differences can be utilized.

Deferred tax is calculated at the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the consolidated statements of income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also charged or credited directly to equity.

Deferred tax assets and liabilities are offset in the consolidated balance sheets, in the same manner the current tax assets and liabilities are presented, except if these are for different legal entities.

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2. Summary of Significant Accounting Policies (Continued)

v. Basic Earnings per Share

Basic earnings per share is computed by dividing the net income by the weighted average number of shares outstanding during the year.

w. Segment Information

Segment information is prepared using the accounting policies adopted for preparing and presenting the consolidated financial statements. The primary segment information is based on business segments, while secondary segment information is based on geographical segments.

A business segment is a distinguishable component of the Company and its subsidiaries that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from the other business segments.

A geographical segment is a distinguishable component of the Company and its subsidiaries that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those components operating in other economic environments.

3. Cash and Cash Equivalents

	2005	2004
	Rp	Rp
Cash on Hand	2,331,758,000	1,920,638,000
Cash in Banks		
Third parties:		
Rupiah		
PT Bank Central Asia Tbk (BCA)	20,905,278,806	5,438,906,395
PT Bank Internasional Indonesia Tbk (BII)	15,485,424,087	9,915,156,449
PT Bank NISP Tbk (NISP)	5,881,143,859	3,751,751,097
PT Bank Mandiri (Persero) Tbk (BM)	2,253,047,997	233,293,181
PT Bank Negara Indonesia (Persero) Tbk (BNI)	1,621,270,590	1,142,039,168
PT Bank Mega Tbk (MEGA)	319,500,681	41,370,444
PT Bank Rakyat Indonesia (Persero) Tbk	273,437,750	797,366,037
PT Bank Lippo Tbk (Lippo)	232,589,920	106,869,109
PT Bank Mizuho Indonesia (BML)	156,493,780	124,354,570
PT Bank Tabungan Negara (Persero)	46,451,471	188,488,544
PT Bank Danamon Indonesia Tbk (BDI)	45,360,956	266,967,853
PT Bank Permata Tbk	20,002,266	-
PT Bank Akita (Akita)	18,875,047	9,235,353
PT Bank Buana Indonesia Tbk	16,283,514	9,954,882
PT Bank Panin Tbk	15,427,132	15,474,754
PT Bank Niaga Tbk	1,088,959	1,753,959
Subtotal	47,291,676,815	22,042,981,795

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3. Cash and Cash Equivalents (Continued)

	2005 Rp	2004 Rp
U.S. Dollar (Note 40)		
BII	614,970,917	733,020,022
BCA	610,813,291	713,166,068
BMI	522,291,591	286,978,876
NISP	236,908,942	238,629,067
BNI	64,583,384	75,192,601
Lippo	34,672,179	30,112,142
BDI	15,558,334	14,825,074
Subtotal	<u>2,099,798,638</u>	<u>2,091,923,850</u>
Japanese Yen (Note 40)		
BCA	<u>44,252,633</u>	<u>48,535,638</u>
Total	<u>49,435,728,086</u>	<u>24,183,441,283</u>
Time Deposits:		
Third parties:		
Rupiah		
BII	253,320,000,000	208,595,000,000
BCA	43,520,000,000	7,725,000,000
NISP	24,074,232,032	18,300,000,000
MEGA	21,000,000,000	1,500,000,000
BNI	8,550,000,000	5,150,000,000
BM	7,200,000,000	-
Akita	5,165,000,000	-
BDI	-	1,000,000,000
Subtotal	<u>362,829,232,032</u>	<u>242,270,000,000</u>
U.S. Dollar (Note 40)		
BII	40,253,850,000	22,485,207,457
BCA	5,209,900,000	4,459,200,000
BNI	737,250,000	696,750,000
Subtotal	<u>46,201,000,000</u>	<u>27,641,157,457</u>
Total	<u>409,030,232,032</u>	<u>269,911,157,457</u>
Total	<u><u>460,797,718,118</u></u>	<u><u>296,015,236,740</u></u>
Interest rates per annum of time deposits:		
Rupiah	5.50% - 13.00%	4.50% - 7.25%
U.S. Dollar	0.65% - 4.25%	0.50% - 1.10%

Cash in banks in foreign currencies amounted to US\$ 213,611 and ¥ 530,480 as of December 31, 2005, and US\$ 225,180 and ¥ 536,780 as of December 31, 2004. As of December 31, 2005 and 2004, time deposits in foreign currency amounted to US\$ 4,700,000 and US\$ 2,975,367, respectively (Note 40).

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4. Investments

The Company and its subsidiaries' investments consist of the following:

	2005 Rp	2004 Rp
Time deposits	-	67,000,000,000
Securities		
Trading - at fair value	-	616,282,528,621
Available-for-sale - at fair value	80,583,511,594	83,904,777,530
Held-to-maturity - at cost	-	92,900,000,000
Subtotal	80,583,511,594	793,087,306,151
Investments in shares of stock		
Equity method	68,746,103,886	76,707,566,886
Cost method:		
Common shares	589,087,800	589,087,800
Preferred shares	362,138,788,000	362,138,788,000
Subtotal	431,473,979,686	439,435,442,686
Total	512,057,491,280	1,299,522,748,837

a. Time Deposits

This consists of Rupiah denominated time deposits, with details as follows:

	2005 Rp	2004 Rp
PT Bank Internasional Indonesia Tbk (BII)	-	49,500,000,000
PT Bank Buana Indonesia (BBI)	-	14,000,000,000
PT Bank Akita (Akita)	-	3,500,000,000
Total	-	67,000,000,000
Interest rate per annum	-	5.75% - 7.25%

The Company's BII, BBI and Akita time deposits were used to secure the subsidiaries' loans from these banks totaling Rp 48,159,840,714, Rp 14,000,000,000 and Rp 3,500,000,000, respectively, as of December 31, 2004 (Note 16).

In 2005, the time deposits with BII, BBI and Akita were released following the full payment of the loans obtained by the subsidiaries.

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4. Investments (Continued)

b. Investments in Securities

This consists of Rupiah denominated investments, as follows:

	2005 Rp	2004 Rp
Trading		
Mutual fund - at fair value	-	616,282,528,621
Available-for-sale		
Bonds - net		
PT Indah Kiat Pulp & Paper Tbk - Tranche A	35,000,966,389	39,950,000,000
PT Indah Kiat Pulp & Paper Tbk - Tranche B	39,950,000,000	39,950,000,000
Subtotal	74,950,966,389	79,900,000,000
Mutual fund	3,141,511,790	2,000,000,000
Net unrealized gain on increase in fair value	2,491,033,415	2,004,777,530
Subtotal	5,632,545,205	4,004,777,530
Net	80,583,511,594	83,904,777,530
Held-to-maturity - at cost		
Notes receivable - AFP International Finance (2) Ltd.	-	92,900,000,000
Net	80,583,511,594	793,087,306,151

Trading

As of December 31, 2004, the Company placed several investments in mutual fund with total units of 522,720,908.004, respectively, which are carried-out by PT Sinarmas Sekuritas, a related party (Note 39), which acts as investment manager. The return on investment was 15.98% per annum in 2004. In 2005, the mutual fund was fully redeemed.

The Company acts as the sponsor in the investment in Reksa Dana Trimegah Dana Stabil. The Company placed 1,000 units amounting to Rp 1,000,000,000 in this mutual fund. The Net Asset Value of this investment amounted to Rp 1,078,886,500 as of December 31, 2004. The return on investment is 9.16% per annum in the last year. In 2005, the investment in Reksa Dana Trimegah Dana Stabil was converted into investment in Reksa Dana Trimegah Pundi Terproteksi, and was classified as available-for-sale investment.

Available-for-sale

- On October 4, 2005, the Company availed of the investment unit conversion program offered by the Investment Manager of Reksa Dana Trimegah Dana Stabil to convert the investment units from Reksa Dana Trimegah Dana Stabil to Reksa Dana Trimegah Pundi Terproteksi of 1,078,088 investment units and Net Asset Value of Rp 1,080 per unit. In 2005, the Company has redeemed 21,132.64 investment units before the end of maturity period. As a result, the Company recognized loss on redemption of Rp 692,126, which was recorded as part of "Interest and investment income" in the consolidated statement of income. As of December 31, 2005, total investment units is 1,056,955.36 with Net Asset Value of Rp 1,133,867,784. The net unrealized loss on decline in fair value of these investments amounted to Rp 7,644,006 as of December 31, 2005, which was presented under equity in the consolidated balance sheets.

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December 31, 2005 and 2004 and For the Years then Ended

4. Investments (Continued)

b. Investments in Securities (Continued)

Available-for-sale (Continued)

- Based on the General Bondholders' Meeting of Indah Kiat Bonds I year 1999 dated September 7, 2004, the bondholders agreed to restructure Indah Kiat Pulp & Paper (IKPP) bonds Series B1 and C1 which already matured on October 14, 2004. The bonds were divided into Tranche A and Tranche B which will be due on October 1, 2014 and 2017, respectively, and have floating interest rates based on 3 months SBI plus 2% (but less than 14%) for the first three years. The interest is payable quarterly, starting on October 1, 2004. The principal of Tranche A will be paid semi-annually for 10 years. The first installment will be made 6 months after October 1, 2004. The installment of Tranche B will be made 6 months after Tranche A have been fully paid and is payable semi-annually for 3 years.

PT Royal Oriental (RO), a subsidiary, received principal payments of Tranche A amounting to Rp 4,250,000,000 on April 4, 2005 and amounting to Rp 6,279,858,746 on November 1, 2005, and recognized gain on increase in fair value amounting to Rp 5,580,825,135 which was recorded as "Recovery from decline in value of investments" in the consolidated statement of income.

As of December 31, 2005 and 2004, based on the ranking made by PT Pemeringkat Efek Indonesia (Pefindo), the IKPP bonds were ranked as idD.

- RO has investment in Reksa Dana Simas Satu, in which PT Sinarmas Sekuritas, a related party (Note 39), acts as the investment manager, PT Bank Niaga Tbk as custodian and RO as sponsor to the placement. As of December 31, 2005 and 2004, the investment in mutual fund has 2,083,060.49 units. As of December 31, 2005 and 2004, the Net Asset Value of this investment amounted to Rp 4,498,677,421 and Rp 4,004,777,530, respectively. During 2005, total unrealized gain on increase in fair value of investment amounted to Rp 493,899,891. The Company's portion in this transaction amounted to Rp 366,031,330 and presented as "Difference due to change in equity of a subsidiary" as part of equity in the consolidated balance sheet. The return on investment is 12.03% per annum in 2005 (2004: 15.98% per annum).

Held-to-maturity

Notes receivable consist of US\$ 10,000,000 notes placed by PT Royal Oriental (RO), a subsidiary, with AFP International Finance (2) Ltd., a related party, which bear interest rate of 2% per annum (Notes 39 and 40). The term of the notes is for one year, which is collectible on the anniversary date of their issuance for US\$ 5,000,000 each on December 15 and December 18, 2003. The interest income will be collected on the maturity date of the notes each on December 15, 2004 and December 18, 2004.

Collection of principal of notes receivable was received by RO on August 11, 2005 amounting to US\$ 10,000,000 (equivalent to Rp 98,190,000,000), while total interest on notes receivable received in 2005 amounted to US\$ 330,136.99 (equivalent to Rp 3,207,504,144).

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4. Investments (Continued)

c. Investments in Shares of Stock

- (1) Investments in common shares of stock of associated companies accounted for under the equity method are as follows:

Associated Company	Percentage of Ownership	Investment at Beginning of the Year	Changes during 2005			Investment at End of the Year
			Deductions from Investments	Equity in Net Income (Loss)	Dividends Received	
		Rp	Rp	Rp	Rp	Rp
PT Matra Olahcipta	50%	44,858,465,116	(8,000,000,000)	8,332,720,986	-	45,191,186,102
PT Phiniso Zamrud Nusantara	50%	19,449,101,770	-	1,795,160,333	-	21,244,262,103
PT Dutakarya Propertindo	50%	-	-	-	-	-
PT Citraagung Tirta Jatim	40%	10,000,000,000	-	(10,000,000,000)	-	-
BKS Pasar Pagi - ITC Mangga Dua	40%	2,400,000,000	-	(89,344,319)	-	2,310,655,681
PT Anekagriya Buminusa	29%	-	-	-	-	-
PT Kanaka Grahaasri	29%	-	-	-	-	-
PT Mekanusa Cipta	29%	-	-	-	-	-
PT Prima Sehati	29%	-	-	-	-	-
PT Putra Prabukarya	29%	-	-	-	-	-
Total		<u>76,707,566,886</u>	<u>(8,000,000,000)</u>	<u>38,537,000</u>	<u>-</u>	<u>68,746,103,886</u>

Associated Company	Percentage of Ownership	Investment at Beginning of the Year	Changes during 2004			Investment at End of the Year
			Additions to (Deductions from) Investments	Equity in Net Income (Loss)	Dividends Received	
		Rp	Rp	Rp	Rp	Rp
PT Matra Olahcipta	50%	61,302,534,684	(25,000,000,000)	8,555,930,432	-	44,858,465,116
PT Phiniso Zamrud Nusantara	50%	-	18,386,000,000	1,063,101,770	-	19,449,101,770
PT Dutakarya Propertindo	50%	-	-	-	-	-
PT Citraagung Tirta Jatim	40%	-	10,000,000,000	-	-	10,000,000,000
BKS Pasar Pagi - ITC Mangga Dua	40%	2,400,000,000	-	-	-	2,400,000,000
PT Anekagriya Buminusa	29%	-	-	-	-	-
PT Kanaka Grahaasri	29%	-	-	-	-	-
PT Mekanusa Cipta	29%	-	-	-	-	-
PT Prima Sehati	29%	-	-	-	-	-
PT Putra Prabukarya	29%	28,130,413	-	(28,130,413)	-	-
Total		<u>63,730,665,097</u>	<u>3,386,000,000</u>	<u>9,590,901,789</u>	<u>-</u>	<u>76,707,566,886</u>

On January 31, 2005, based on the Extraordinary Meeting held by the stockholders of PT Matra Olahcipta (MOC), as stated in Notarial Deed No. 26 of P. Sutrisno A. Tampubolon, S.H., M.Kn., notary public in Jakarta, the stockholders agreed to reduce MOC's outstanding authorized capital stock from Rp 120,000,000,000 to Rp 20,000,000,000 and its issued and paid-up capital stock from 70,000 shares or equivalent to Rp 70,000,000,000 to 20,000 shares or equivalent to Rp 20,000,000,000. There was no change in the percentage of ownership since the decrease was done proportionally. This change was approved by the Minister of Law and Human Rights of the Republic of Indonesia through his Decision Letter No. C-03930.HT.01.04.TH.2005 dated February 16, 2005.

During 2005, MOC has decreased its capital stock by Rp 16,000,000,000 from the total decrease in issued and paid-up capital stock of Rp 50,000,000,000.

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4. Investments (Continued)

c. Investments in Shares of Stock (Continued)

As of December 31, 2005, PT Dutakarya Propertindo, PT Citraagung Tirta Jatim (CTJ), PT Anekagriya Buminusa, PT Kanaka Grahaasri, PT Mekanusa Cipta, PT Prima Sehati and PT Putra Prabukarya have capital deficiencies. During 2005 and 2004 (except for CTJ), the Company's share in net losses of these associated companies has already exceeded the carrying amount of its investments, thus, the investments in common stocks in these associated companies have been reduced to zero, in accordance with PSAK

No. 15, "Accounting for Investments in Associates." If these associated companies subsequently report net income, the Company will recognize its equity share in the net income of such associated companies only after its share in the net income equals the share of net losses not recognized.

- (2) In July 2004, the Company acquired PT Karawang Bukit Golf's common shares of stock totaling 7 shares amounting to Rp 589,087,800, which is accounted for under the cost method.
- (3) Investments in preferred shares of stock accounted for under the cost method are as follows:

Associated Company	Investment at	Changes during 2005 and 2004		Investment at
	Beginning of the Year	Additions	Deductions	End of the Year
	Rp	Rp	Rp	Rp
PT Mekanusa Cipta	203,769,824,000	-	-	203,769,824,000
PT Prima Sehati	81,081,212,000	-	-	81,081,212,000
PT Anekagriya Buminusa	51,711,504,000	-	-	51,711,504,000
PT Kanaka Grahaasri	21,485,836,000	-	-	21,485,836,000
PT Putra Prabukarya	4,090,412,000	-	-	4,090,412,000
Total	<u>362,138,788,000</u>	<u>-</u>	<u>-</u>	<u>362,138,788,000</u>

The investments in preferred shares of stock of PT Anekagriya Buminusa, PT Kanaka Grahaasri, PT Mekanusa Cipta, PT Putra Prabukarya, and PT Prima Sehati were obtained by the Company through the conversion of its working capital loans granted to such companies into preferred stocks without voting rights, based on the General Stockholders' meeting of the associated companies dated January 15, 2001, which was notarized based on Notarial Deed Nos. 9, 10, 11, 12 and 13, respectively, of P. Sutrisno A. Tampubolon, S.H., notary public in Jakarta.

The Company did not provide any decline in value of the aforementioned investments in associated companies since management believes that these companies still have long-term growth potentials as most of these companies are engaged in the real estate business.

The aforementioned investments in shares of stock are held primarily for long-term profit generation purposes since most of these companies are engaged in the real estate business similar to the Company's.

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5. Trade Accounts Receivable

The details of trade accounts receivable are as follows:

a. By Nature of Transactions

	2005 Rp	2004 Rp
Land and buildings with strata title	35,056,269,706	22,528,812,979
Rental	2,696,556,410	2,323,167,225
Land, houses and shophouses	699,636,364	1,338,653,000
Room, food and beverages, and others	8,433,995,350	6,315,550,107
Total	<u>46,886,457,830</u>	<u>32,506,183,311</u>

b. By Age

The aging analysis of trade accounts receivable from the date of invoice issuance is as follows:

	2005 Rp	2004 Rp
Related parties (Note 39):		
1 - 30 days	346,820,615	1,030,541,956
31 - 60 days	138,446,776	57,387,577
61 - 90 days	66,353,696	-
91 - 120 days	521,105,404	4,000,000
Subtotal	<u>1,072,726,491</u>	<u>1,091,929,533</u>
Third parties:		
1 - 30 days	40,164,430,382	28,571,058,416
31 - 60 days	708,638,124	949,635,044
61 - 90 days	3,202,536,916	352,410,094
91 - 120 days	1,738,125,917	1,541,150,224
Subtotal	<u>45,813,731,339</u>	<u>31,414,253,778</u>
Total	<u>46,886,457,830</u>	<u>32,506,183,311</u>

Trade accounts receivable from related parties represent 0.02% of the total assets both as of December 31, 2005 and 2004 (Note 39). Trade accounts receivable from related parties have terms and conditions similar to those granted to third parties.

No allowance for doubtful accounts was provided on trade accounts receivable as management believes that all such receivables are collectible. Management also believes that there are no significant concentrations of credit risk in third party receivables.

As of December 31, 2005 and 2004, trade accounts receivable totaling Rp 3,197,070,069 and Rp 2,253,559,089, respectively, were used as collateral for bank loan obtained by PT Sinarwisata Permai, a subsidiary (Note 16).

As of December 31, 2005 and 2004, the total outstanding balance of trade accounts receivable in foreign currency amounted to US\$ 75,185 and US\$ 44,489, respectively (Note 40).

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6. Other Accounts Receivable

This account consists mainly of interest receivable from investments in bonds and time deposits, rental receivable, and receivables from maintenance services.

As of December 31, 2005 and 2004, other accounts receivable from related parties represent 0.05% and 0.11%, respectively, of the total assets (Note 39). Transactions with related parties were done under terms and conditions similar to those done with third parties.

Other accounts receivable denominated in foreign currency amounted to US\$ 3,332 as of December 31, 2005 and US\$ 201,869 as of December 31, 2004 (Note 40).

No allowance for doubtful accounts was provided on other accounts receivable as management believes that all such receivables are collectible.

7. Inventories

This account consists of:

	2005 Rp	2004 Rp
Real estate inventories - net	1,043,733,887,220	1,123,851,956,310
Hotel inventories	3,198,538,527	2,599,256,730
Total	<u>1,046,932,425,747</u>	<u>1,126,451,213,040</u>

a. Real Estate Inventories

	2005 Rp	2004 Rp
Land and buildings ready for sale:		
Mega ITC Cempaka Mas	186,699,850,581	200,307,802,781
Superblok Ambassador Kuningan and ITC Kuningan Project	115,539,572,537	156,637,444,804
Mangga Dua	77,099,790,697	77,777,648,913
ITC Mangga Dua	41,946,741,742	41,946,741,742
Roxy Mas	37,336,143,168	37,678,237,168
Duta Mas Fatmawati	23,287,943,382	23,449,709,532
Kota Bunga	20,820,810,064	18,749,353,324
Taman Banjar Wijaya	19,366,598,379	21,684,019,323
Harco Mas	18,596,877,482	18,596,877,482
Legenda Wisata	14,168,860,497	13,803,625,760
Ruko Mega Grosir	13,001,985,808	58,394,760,279
Mangga Dua Surabaya	11,353,394,328	13,269,916,170
Juanda	5,440,000,000	5,440,000,000
Graha Cempaka Mas	3,370,531,383	3,370,531,383
Taman Permata Buana	1,751,905,258	5,516,376,411
Wisma Eka Jiwa	847,527,390	847,527,390
Subtotal	<u>590,628,532,696</u>	<u>697,470,572,462</u>

PT DUTA PERTIWI Tbk AND ITS SUBSIDIARIES
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December 31, 2005 and 2004 and For the Years then Ended

7. Inventories (Continued)

a. Real Estate Inventories (Continued)

	2005 Rp	2004 Rp
Buildings under construction:		
Legenda Wisata	64,565,876,789	51,525,138,756
Grand Wisata	35,361,269,732	457,500,000
Mangga Dua Surabaya	34,969,048,747	1,763,800,299
Kota Bunga	1,678,642,033	12,830,096,144
Taman Banjar Wijaya	1,128,221,758	769,717,768
ITC Pasar Minggu	249,750,000	-
Ruko Mega Grosir	-	13,100,873,241
Roxy Mas	-	1,131,810,409
Mangga Dua	-	646,768,516
Taman Duta Mas	-	237,827,612
Subtotal	<u>137,952,809,059</u>	<u>82,463,532,745</u>
Land under development:		
Taman Banjar Wijaya	232,814,703,443	238,297,937,303
Kota Bunga	89,943,345,606	111,022,289,194
Mangga Dua Surabaya	19,757,071,532	19,744,630,141
Grand Wisata	13,207,789,057	-
Legenda Wisata	12,390,476,755	14,015,599,593
Taman Permata Buana	6,184,074,480	8,765,338,617
Ruko Mega Grosir	-	10,991,592,163
Taman Duta Mas	-	225,379,500
Subtotal	<u>374,297,460,873</u>	<u>403,062,766,511</u>
Total	1,102,878,802,628	1,182,996,871,718
Allowance for decline in value of real estate inventories	<u>(59,144,915,408)</u>	<u>(59,144,915,408)</u>
Net	<u><u>1,043,733,887,220</u></u>	<u><u>1,123,851,956,310</u></u>

PT Sinarwijaya Ekapratista (SWEP), a subsidiary, provided an allowance for decline in value of real estate inventories which amounted to Rp 59,144,915,408. Management believes that the allowance for decline in value of real estate inventories is adequate to cover possible losses on the decline in value of assets. The carrying value of inventories after being reduced by the allowance for decline in value of real estate inventories reflects the net realizable value of the inventories at balance sheet dates.

PT Royal Oriental (RO), a subsidiary, built Plaza BII building with the intention to sell such building as real estate inventories. However, RO leased out the said building while waiting for the sale, and recorded the land and building under the "Real estate inventories" account in its financial statements. However, in the consolidated financial statements of the Company and its subsidiaries, the said land and building were reclassified to property and equipment account under "Land" and "Buildings" with an aggregate amount of Rp 505,111,233,033 (net of accumulated depreciation of Rp 63,739,663,495) and Rp 517,859,165,733 (net of accumulated depreciation of Rp 50,991,730,795) as of December 31, 2005 and 2004, respectively (Note 12).

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7. Inventories (Continued)

a. Real Estate Inventories (Continued)

Certain houses, shophouses and buildings with strata title were constructed by PT Mitrabangun Adigraha and PT Paraga Artamida, related party contractors (Note 39.d).

Real estate inventories were insured with PT Asuransi Sinar Mas (ASM), a related party (Note 39.f), PT Zurich Insurance and with PT Asuransi Allianz Utama Indonesia against fire and other possible risks for sum insured of Rp 105,968,173,827 and US\$ 229,729,042 as of December 31, 2005 and Rp 118,041,668,017 and US\$ 218,746,342 as of December 31, 2004. Management believes that the insurance coverages are adequate to cover possible losses on the assets insured.

As of December 31, 2005 and 2004, the kiosks inventory of the Company's ITC Cempaka Mas project, which represents 10.03% and 9.73%, respectively, of the total inventories, were used as collateral for the Company's loan from PT Bank Negara Indonesia (Persero), Tbk (Note 16).

As of December 31, 2004, certain land and housing projects were used as collateral for loans obtained by SWEP, from banks and other financial institutions, which represents 1.99% of the total inventories (Note 16).

Transactions with related parties were done under terms and conditions similar to those done with third parties.

b. Hotel Inventories

	2005	2004
	Rp	Rp
Supplies	1,958,416,001	1,475,175,745
Food	616,315,533	609,724,013
Beverages	556,359,472	450,411,273
Others	67,447,521	63,945,699
Total	<u>3,198,538,527</u>	<u>2,599,256,730</u>

As of December 31, 2005 and 2004, hotel inventories are used as collateral for bank loan obtained by PT Sinarwisata Permai, a subsidiary, from PT Bank Negara Indonesia (Persero), Tbk representing 0.21% and 0.14%, respectively, of the total inventories (Note 16).

Management believes that the carrying value of hotel inventories does not exceed the replacement cost or recoverable amount from the sale or use of the assets and there was no decline in value of inventories as of December 31, 2005 and 2004.

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8. Advances

This account pertains to advance payments made in relation to land acquisition, expenses related to land release and development, and purchases of development materials and hotel inventories.

9. Prepaid Taxes

	2005	2004
	Rp	Rp
Income taxes		
Article 23	35,767,666,302	35,196,606,283
Article 25	1,920,933,359	16,439,973,309
Value Added Tax - net	7,522,610,718	139,281,111
Total	<u>45,211,210,379</u>	<u>51,775,860,703</u>

10. Prepaid Expenses

This account mainly consists of unamortized insurance premium and office rental, among others. Prepaid expenses are amortized over the contract period of one year.

As of December 31, 2005 and 2004, prepaid expenses with related parties represent 0.01% and 0.04%, respectively, of the total assets (Note 39). Transactions with related parties were done under terms and conditions similar to those done with third parties.

11. Land for Development

This account consists of:

Name of Project	Location	2005		2004	
		Land Area in square meter	Amount Rp	Land Area in square meter	Amount Rp
Grand Wisata	Bekasi	6,519,453	498,798,449,957	7,138,373	462,454,353,043
Permata Buana *	Kembangan, West Jakarta	442,773	421,498,160,815	-	-
Roxy II	Roxy, Central Jakarta	134,993	219,478,320,207	131,416	205,000,979,426
Cibubur	Cibubur, West Java	1,448,382	196,827,323,234	1,321,066	164,312,546,509
Legenda Wisata	Cibubur, West Java	407,935	103,351,790,849	480,725	118,888,686,624
Surabaya	Benowo, Surabaya	2,109,913	96,441,460,390	2,109,913	85,784,065,000
Bekasi	Bekasi	807,417	81,903,313,350	867,507	40,456,961,456
Kota Bunga	Sukanagalih Village and Batulawang Village	58,242	6,805,195,000	58,242	6,538,631,668
ITC Pasar Minggu *	Lenteng Agung	54,916	78,000,000,000	-	-
Mangga Dua Surabaya	Jagirwonokromo, Surabaya	2,614	1,643,716,404	7,844	4,931,149,213
Total		<u>11,986,638</u>	<u>1,704,747,730,206</u>	<u>12,115,086</u>	<u>1,088,367,372,939</u>

*) Projects of newly acquired subsidiaries in 2005 (Note 1.c)

The net interest expense capitalized to land for development amounted to Rp 5,761,781,707 in 2005 and Rp 395,004,899 in 2004.

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11. Land for Development (Continued)

Management believes that the carrying value of land for development does not exceed the replacement cost or recoverable amount from the sale or use of the asset. Further, management believes that there was no impairment in value of the aforementioned assets as of December 31, 2005 and 2004.

12. Property and Equipment

	January 1, 2005 Rp	Changes during 2005			December 31, 2005 Rp
		Additions Rp	Deductions Rp	Reclassifications Rp	
At cost:					
Land	230,327,944,331	-	-	-	230,327,944,331
Buildings	604,804,839,306	4,354,151,715	(32,450,000)	1,681,515,759	610,808,056,780
Building improvements	20,219,919,566	3,644,167,169	-	612,826,395	24,476,913,130
Leasehold improvements	1,560,409,833	-	-	-	1,560,409,833
Furniture and fixtures	34,882,884,729	4,397,320,415	(40,418,182)	(2,294,342,154)	36,945,444,808
Transportation equipment	20,649,219,269	3,544,914,957	(930,265,371)	-	23,263,868,855
Total	912,445,217,034	15,940,554,256	(1,003,133,553)	-	927,382,637,737
Accumulated depreciation:					
Buildings	142,174,322,567	24,853,397,769	(12,303,958)	500,652,690	167,516,069,068
Building improvements	18,638,278,066	1,912,922,519	-	203,359,875	20,754,560,460
Leasehold improvements	1,557,685,976	-	-	-	1,557,685,976
Furniture and fixtures	26,331,008,353	3,338,510,746	(29,771,729)	(704,012,565)	28,935,734,805
Transportation equipment	9,636,092,949	3,433,564,211	(930,265,371)	-	12,139,391,789
Total	198,337,387,911	33,538,395,245	(972,341,058)	-	230,903,442,098
Net Book Value	714,107,829,123				696,479,195,639

	January 1, 2004 Rp	Changes during 2004			December 31, 2004 Rp
		Additions Rp	Deductions Rp	Reclassifications Rp	
At cost:					
Land	230,327,944,331	-	-	-	230,327,944,331
Buildings	603,846,154,753	958,684,553	-	-	604,804,839,306
Building improvements	19,833,420,872	386,498,694	-	-	20,219,919,566
Leasehold improvements	1,560,409,833	-	-	-	1,560,409,833
Furniture and fixtures	31,411,990,536	3,587,069,825	(116,175,632)	-	34,882,884,729
Transportation equipment	18,054,819,893	3,922,720,102	(1,328,320,726)	-	20,649,219,269
Total	905,034,740,218	8,854,973,174	(1,444,496,358)	-	912,445,217,034
Accumulated depreciation:					
Buildings	117,133,128,604	25,041,193,963	-	-	142,174,322,567
Building improvements	17,018,653,879	1,619,624,187	-	-	18,638,278,066
Leasehold improvements	1,555,659,292	2,026,684	-	-	1,557,685,976
Furniture and fixtures	23,274,411,551	3,165,287,434	(108,690,632)	-	26,331,008,353
Transportation equipment	8,128,262,497	2,657,517,841	(1,149,687,389)	-	9,636,092,949
Total	167,110,115,823	32,485,650,109	(1,258,378,021)	-	198,337,387,911
Net Book Value	737,924,624,395				714,107,829,123

PT DUTA PERTIWI Tbk AND ITS SUBSIDIARIES
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12. Property and Equipment (Continued)

Depreciation expense in 2005 and 2004 was allocated as follows:

	<u>2005</u> Rp	<u>2004</u> Rp
Selling expenses (Note 33.a)	349,356,551	298,761,692
General and administrative expenses (Note 33.b)	<u>33,189,038,694</u>	<u>32,186,888,417</u>
Total	<u><u>33,538,395,245</u></u>	<u><u>32,485,650,109</u></u>

Certain deductions in 2005 and 2004 pertain to the sale of some property and equipment with details as follows:

	<u>2005</u> Rp	<u>2004</u> Rp
Selling price	826,480,000	1,088,475,000
Net book value	<u>-</u>	<u>182,818,337</u>
Gain on sale	<u><u>826,480,000</u></u>	<u><u>905,656,663</u></u>

The Company and its subsidiaries own several parcels of land located in Jakarta and Balikpapan with details as follows:

	<u>2005</u> Rp	<u>2004</u> Rp
Plaza BII building, Jakarta	186,412,915,602	186,412,915,602
Dusit Balikpapan, Balikpapan	31,705,471,994	31,705,471,994
Dusit Mangga Dua, Jakarta	11,513,862,855	11,513,862,855
Taman Permata Buana, Jakarta	<u>695,693,880</u>	<u>695,693,880</u>
Total	<u><u>230,327,944,331</u></u>	<u><u>230,327,944,331</u></u>

The parcels of land in Plaza BII, Dusit Balikpapan and Taman Permata Buana are owned by certain subsidiaries with Building Use Rights (Hak Guna Bangunan or HGB) until 2025, 2008 and 2022 and 2006 while the land in Dusit Mangga Dua is owned by the Company with proprietary rights on each low-cost apartment. Management believes that there will be no difficulty in the extension of the landrights since all the parcels of land were acquired legally and are supported by sufficient evidence of ownership.

Property and equipment consisting of land, building, hotel, transportation equipment, and furniture and fixtures are used as collaterals for certain loans from banks and other financial institutions (Note 16).

Property and equipment, except for land, were insured with PT Asuransi Sinar Mas (ASM), a related party (Note 39.f), PT Perusahaan Asuransi Tri Pakarta, and PT Asuransi Rama Satria Wibawa against risks of fire, damage, theft and other possible risks for Rp 23,338,585,830 and US\$ 145,849,533 as of December 31, 2005 and Rp 19,085,025,880 and US\$ 145,849,533 as of December 31, 2004. Management believes that the insurance coverages are adequate to cover possible losses on the assets insured.

PT DUTA PERTIWI Tbk AND ITS SUBSIDIARIES
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12. Property and Equipment (Continued)

Transactions with ASM were done under similar terms and conditions as those done with third parties.

Management believes that the carrying value of property and equipment does not exceed the replacement cost or recoverable amount from the sale or use of the asset. Further, management believes that there was no impairment in value of the aforementioned assets as of December 31, 2005 and 2004.

13. Property Under Build, Operate, and Transfer

	January 1, 2005 Rp	Changes during 2005		December 31, 2005 Rp
		Additions Rp	Deductions Rp	
At cost:				
Bridge	32,526,768,616	7,950,007,518	-	40,476,776,134
Kiosk	1,488,082,168	-	-	1,488,082,168
Food court	1,501,973,743	-	-	1,501,973,743
Parking	1,337,379,312	-	-	1,337,379,312
Underground channel	6,101,953,283	113,424,853	-	6,215,378,136
Total	42,956,157,122	8,063,432,371	-	51,019,589,493
Accumulated depreciation:				
Bridge	3,828,833,907	1,869,672,269	-	5,698,506,176
Kiosk	148,808,210	74,404,104	-	223,212,314
Food court	155,974,194	69,321,864	-	225,296,058
Parking	138,881,708	61,725,204	-	200,606,912
Underground channel	406,796,881	256,176,785	-	662,973,666
Total	4,679,294,900	2,331,300,226	-	7,010,595,126
Net Book Value	38,276,862,222			44,008,994,367

	January 1, 2004 Rp	Changes during 2004		December 31, 2004 Rp
		Additions Rp	Deductions Rp	
At cost:				
Bridge	32,290,193,469	236,575,147	-	32,526,768,616
Kiosk	1,488,082,168	-	-	1,488,082,168
Food court	1,501,973,743	-	-	1,501,973,743
Parking	1,337,379,312	-	-	1,337,379,312
Underground channel	5,988,528,430	113,424,853	-	6,101,953,283
Total	42,606,157,122	350,000,000	-	42,956,157,122
Accumulated depreciation:				
Bridge	2,687,492,757	1,141,341,150	-	3,828,833,907
Kiosk	74,404,106	74,404,104	-	148,808,210
Food court	86,652,330	69,321,864	-	155,974,194
Parking	77,156,504	61,725,204	-	138,881,708
Underground channel	159,694,091	247,102,790	-	406,796,881
Total	3,085,399,788	1,593,895,112	-	4,679,294,900
Net Book Value	39,520,757,334			38,276,862,222

Depreciation expense charged to operations amounted to Rp 2,331,300,226 in 2005 and Rp 1,593,895,112 in 2004, and recorded in "General and administrative expenses" account.

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13. Property Under Build, Operate, and Transfer (Continued)

Additions to bridge and underground channel in 2005 are based on the agreement between the Company and PT Perwita Margasakti, a subsidiary, with the Local Government (Pemda) in Jakarta, while in 2004, the additions are based on the agreement between the Company and Pemda Jakarta (Notes 41.c, 41.j and 41.k).

Management believes that the carrying value of property under build, operate, and transfer does not exceed the replacement cost or recoverable amount from the sale or use of the assets and that there was no impairment in value of the aforementioned assets.

14. Goodwill

This represents goodwill from the Company's investments in shares of stock in the subsidiaries and Mangga Dua Surabaya project with details as follows:

Company's Name	Date of Acquisition	Changes during 2005				December 31, 2005
		January 1, 2005	Additions	Amortization	Effect of Decrease in Capital Stock	
		Rp	Rp	Rp	Rp	Rp
PT Sinarwijaya Ekapratista	January 1994	36,000,036	-	(3,999,996)	-	32,000,040
PT Royal Oriental	March 1994	7,213,483,438	-	(786,925,476)	-	6,426,557,962
PT Perwita Margasakti	January 1995	(103,424,895)	-	10,342,392	-	(93,082,503)
PT Mustika Karya Sejati	August 1995	1,273,022,580	-	(120,285,600)	-	1,152,736,980
PT Misaya Properindo	August 1997	1,927,204,620	-	(75,513,790)	(1,167,309,766)	684,381,064
Mangga Dua Surabaya	November 1999	(1,571,473,783)	-	105,942,048	-	(1,465,531,735)
PT Kembangan Permai Development	January 2005	-	34,428,800	(1,721,436)	-	32,707,364
PT Putra Alvita Pratama	December 2004	9,431,382,397	-	(473,542,212)	-	8,957,840,185
Net		<u>18,206,194,393</u>	<u>34,428,800</u>	<u>(1,345,704,070)</u>	<u>(1,167,309,766)</u>	<u>15,727,609,357</u>

Company's Name	Date of Acquisition	Changes during 2004				December 31, 2004
		January 1, 2004	Additions	Amortization	Effect of Decrease in Capital Stock	
		Rp	Rp	Rp	Rp	Rp
PT Sinarwijaya Ekapratista	January 1994	40,000,036	-	(4,000,000)	-	36,000,036
PT Royal Oriental	March 1994	8,000,408,908	-	(786,925,470)	-	7,213,483,438
PT Perwita Margasakti	January 1995	(113,767,287)	-	10,342,392	-	(103,424,895)
PT Mustika Karya Sejati	August 1995	1,393,308,180	-	(120,285,600)	-	1,273,022,580
PT Misaya Properindo	August 1997	3,395,833,352	-	(224,015,268)	(1,244,613,464)	1,927,204,620
Mangga Dua Surabaya	November 1999	(1,677,415,833)	-	105,942,050	-	(1,571,473,783)
PT Putra Alvita Pratama	December 2004	-	9,470,844,248	(39,461,851)	-	9,431,382,397
Net		<u>11,038,367,356</u>	<u>9,470,844,248</u>	<u>(1,058,403,747)</u>	<u>(1,244,613,464)</u>	<u>18,206,194,393</u>

The Company recorded goodwill amortization amounting to Rp 2,513,013,836 (consisting of goodwill amortization and the effect of the net decrease in capital stock of the subsidiaries) in 2005 and Rp 2,303,017,211 (consisting of goodwill amortization and the effect of the net decrease in capital stock of the subsidiaries) in 2004.

In January 2005, the Company acquired 80% of PT Kembangan Permai Development's (KPD) common share with acquisition cost amounting to Rp 8,800,000,000. The Company recorded goodwill on excess of acquisition cost over the acquired net assets of KPD amounting to Rp 34,428,800.

As of December 31, 2005 and 2004, accumulated amortization of goodwill amounted to Rp 19,060,491,222 and Rp 16,547,477,386, respectively.

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15. Medium Term Notes

On April 9, 2003, the Company issued Medium Term Notes (MTN) totalling Rp 80,000,000,000 which consist of 16 notes with series number from 0001/DP/03 to 0016/DP/03, and with nominal value of Rp 5,000,000,000 each. Fixed interest of 17% per annum is due quarterly and will mature on April 9, 2006.

In January 2004, the Company already settled Rp 10,000,000,000 of the total MTN.

On October 7, 2004, the Company made another issuance of MTN totalling Rp 50,000,000,000 which consist of 10 notes with series number from 0017/DP/04 to 0026/DP/04, and with nominal value of Rp 5,000,000,000 each. Fixed interest of 16% per annum is due quarterly and will mature on October 7, 2007.

In February 2005, the Company already settled all its MTN totalling Rp 120,000,000,000.

On June 16, 2005, PT Sinarwijaya Ekapratista, a subsidiary, issued MTN to the public totalling Rp 12,000,000,000 which consist of 2 notes with series number from SWEP 0001/05 to SWEP 0002/05, and with nominal value of Rp 5,000,000,000 each, and 1 note with series number SWEP 0003/05 with nominal value of Rp 2,000,000,000. Fixed interest of 17% per annum is due quarterly and will mature on June 16, 2008.

The Company appointed PT Amantara Securities to act as its arranger with full commitment to offer the notes to the public.

In 2005 and 2004, interest expense amounted to Rp 1,525,000,000 and Rp 13,782,222,225, respectively.

16. Loans from Banks and Other Financial Institutions

	2005 Rp	2004 Rp
Rupiah		
Third parties		
PT Bank Negara Indonesia (Persero), Tbk (BNI)	327,750,000,000	352,750,000,000
PT Bank Rakyat Indonesia (Persero), Tbk	99,800,000,000	119,800,000,000
PT Bank Internasional Indonesia Tbk	-	48,159,840,714
Folkingham Investments Limited	-	19,693,999,993
PT Bank Buana Indonesia Tbk	-	14,000,000,000
PT Bank Ratu (under liquidation)	-	3,964,935,830
PT Bank Akita	-	3,500,000,000
Subtotal	<u>427,550,000,000</u>	<u>561,868,776,537</u>

PT DUTA PERTIWI Tbk AND ITS SUBSIDIARIES
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16. Loans from Banks and Other Financial Institutions (Continued)

	2005 Rp	2004 Rp
U.S. Dollar (Note 40)		
Third party		
BNI (US\$ 28,426,761 in 2005 and US\$ 31,626,761 in 2004)	279,435,058,074	293,812,607,274
Related party (Note 39)		
AFP International Finance (2) Ltd. (nil in 2005 and US\$ 10,000,000 in 2004)	-	92,900,000,000
Subtotal	<u>279,435,058,074</u>	<u>386,712,607,274</u>
Total	706,985,058,074	948,581,383,811
Less current portion of long-term loans	<u>(137,336,558,074)</u>	<u>(256,946,776,537)</u>
Long-term loans - net of current portion	<u>569,648,500,000</u>	<u>691,634,607,274</u>

PT Bank Negara Indonesia (Persero), Tbk (BNI)

As of December 31, 2005, the total outstanding loan from BNI pertains to loan obtained by the Company amounting to Rp 327,750,000,000 and US\$ 26,500,000 and obtained by PT Sinarwisata Permai (SWP), a subsidiary, amounting to US\$ 1,926,761. While, as of December 31, 2004, the total outstanding loan from BNI pertains to loan obtained by the Company amounting to Rp 352,750,000,000 and US\$ 28,500,000, and obtained by SWP amounting to US\$ 3,126,761.

Loans obtained by the Company

On December 22, 2004, the Company obtained working investment loans from BNI with a maximum credit facility of Rp 352,750,000,000 and US\$ 28,500,000. These loans have a term of five years and will be due on December 21, 2009. The interest rates per annum on the Rupiah denominated and US Dollar denominated loans are fixed at 13.5% and 9%, respectively. These loans are secured by the following:

- The land of PT Royal Oriental, a subsidiary, which has a total area of 13,302 square meters, wherein Plaza BII Towers II and III, parking area, and machineries and other equipment are situated (Note 12); and
- Kiosks inventory of ITC Cempaka Mas totaling 1,189 units with a total area of 28,412.31 square meters (Note 7.a).

In 2005, the Company made loan principal payment amounting to Rp 25,000,000,000 and US\$ 2,000,000. Interest expense charged to operations in 2005 and 2004 amounted to Rp 71,311,956,818 and Rp 1,768,810,500, respectively.

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16. Loans from Banks and Other Financial Institutions (Continued)

PT Bank Negara Indonesia (Persero), Tbk (BNI) (Continued)

Loans obtained by SWP

SWP obtained investment loan from BNI, with a maximum credit facility of US\$ 11,100,000. In 1999, the loan agreement was amended and the maximum credit facility was changed to US\$ 6,660,000 and the loan became due on December 31, 2003. The loan is repayable in quarterly installments starting in September 2000, with interest rate of 12% per annum, and which shall be paid by SWP in accordance with the loan agreement.

On November 5, 2001, SWP obtained the approval letter from BNI to restructure the credit terms of the loan. Thus, the due date was extended to December 31, 2006. Interest rate is 12.5% per annum and will thereafter be reviewed by BNI based on the prevailing interest rate.

This loan is secured by SWP's trade accounts receivable, hotel inventories, hotel equipment, land and hotel building, and transportation equipment (Notes 5, 7.b and 12).

In 2005, SWP made loan principal payment amounting to US\$ 1,200,000. Total interest expense charged to operations amounted to Rp 2,391,506,644 in 2005 and Rp 2,936,105,549 in 2004.

PT Bank Rakyat Indonesia (Persero), Tbk (BRI)

PT Sinarwisata Lestari (SWL), a subsidiary, obtained an investment loan from BRI with original maximum credit facility of US\$ 31,500,000. The investment loan was obtained to finance the construction of Dusit Mangga Dua Hotel. This loan is secured by land and hotel building of SWL and a corporate guarantee from the Company (Note 39.g). Based on the Correspondent Letter No. B.853-KOR/DKK/KPD/10/98 dated October 29, 1998, BRI agreed to convert the loan into its Rupiah equivalent using Rp 8,000 per US\$ 1.

Based on the Loan Settlement Agreement No. 98 dated November 28, 2002 of B.R.Ay. Mahyastoeti Notonegoro, S.H., notary public in Jakarta, BRI agreed to reschedule SWL's loan, to write-off a portion of interest payable of Rp 35,774,217,089 and penalty, and change the interest rate for 2002 until 2007 to 14%-16% per annum.

In 2005 and 2004, SWL has paid the loan principal installment of Rp 20,000,000,000 and Rp 10,000,000,000, respectively. Interest expense charged to operations in 2005 and 2004 amounted to Rp 14,533,446,575 and Rp 18,032,457,534, respectively.

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16. Loans from Banks and Other Financial Institutions (Continued)

PT Bank Internasional Indonesia Tbk (BII)

This represents bank loans obtained by the Company's subsidiaries [PT Sinarwisata Lestari (SWL), PT Saranapapan Ekasejati (SPE), and PT Kurnia Subur Permai (KSP)] from BII totaling Rp 48,159,840,714 as of December 31, 2004, with interest rate per annum of 1% above the time deposit's interest rate in 2004. The loans have a term of one year and can be extended based on the bank's approval. SWL and SPE also have overdraft facilities from BII with a limit of Rp 1,000,000,000 each. The loans are secured by the Company's time deposits with BII totalling Rp 49,500,000,000 as of December 31, 2004 (Note 4).

This loan was fully settled by SWL, SPE and KSP on August 22, 2005, August 1, 2005 and June 1, 2005, respectively. Total interest expense charged to operations amounted to Rp 2,302,925,125 and Rp 2,099,653,734 in 2005 and 2004, respectively. Interest expense capitalized to land for development amounted to Rp 223,110,694 and Rp 188,265,229 in 2005 and 2004, respectively.

Folkingham Investments Limited (Folkingham)

Based on the Notice Letters from Folkingham to PT Sinarwijaya Ekapratista (SWEP), a subsidiary, dated September 11 and November 5, 2003, the outstanding loans from PT Bank Internasional Indonesia Tbk and PT Bank Danamon Indonesia Tbk, which were previously transferred to the Indonesian Bank Restructuring Agency were transferred to Folkingham. The outstanding balance of the loans transferred amounted to Rp 19,693,999,993. This loan is secured by SWEP's certain land and housing projects (Note 7.a).

As of December 31, 2004, the outstanding loan is still in the process of negotiation or restructuring with Folkingham. Folkingham confirmed that the outstanding loan balance as of December 31, 2004 amounted to Rp 19,693,999,993 and there was no interest charged for 2005 and 2004.

On June 16, 2005, the loan from Folkingham was fully settled by SWEP.

PT Bank Buana Indonesia (BBI)

PT Sinarwisata Permai (SWP), a subsidiary, obtained bank loan from BBI amounting to Rp 14,000,000,000 as of December 31, 2004, with interest rate per annum of 0.75% above the time deposit's interest rate. The term of the loan is one year and is due on June 15, 2005. The loan is secured by the Company's time deposit amounting to Rp 14,000,000,000 (Note 4).

On August 22, 2005, the loan from BBI was fully settled by SWP. In 2005 and 2004, total interest expense charged to operations amounted to Rp 643,443,838 and Rp 340,708,383, respectively.

PT Bank Ratu (Under Liquidation) (BR)

PT Putra Alvita Pratama (PAP), a subsidiary, obtained bank loan from BR amounting to Rp 3,964,935,830 as of December 31, 2004. BR is currently in liquidation process. Based on the letter of BR dated September 28, 2004, BR temporarily agreed on the amount PAP requested for the settlement of its loan totalling Rp 3,964,935,830, until BR's further notice.

Based on letter from BR No. 151/BRDL/III/2005 dated 4 March 2005, BR agreed for PAP to settle the loan amounting to Rp 4,988,164,689 and starting from the payment date of March 16, 2005, PAP has no obligation to BR anymore. Interest expense in 2005 and 2004 amounted to Rp 1,023,228,859 and nil, respectively. The interest expense was based on the agreement between PAP and BR.

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16. Loans from Banks and Other Financial Institutions (Continued)

PT Bank Akita (Akita)

In 2003, PT Saranapapan Ekasejati (SPE), a subsidiary, obtained bank loan from Akita amounting to Rp 8,500,000,000, with interest rate per annum of 1.25% above the time deposit's interest rate. The loan has a term of one year and can be extended based on the bank's approval.

In 2004, SPE settled a portion of the loan principal amounting to Rp 5,000,000,000. The interest rate per annum in 2004 is 1% above the time deposit's interest rate.

The loan is secured by the Company's time deposits with Akita amounting to Rp 3,500,000,000 as of December 31 2004 (Note 4).

Loan principal payment on March 1, 2005 and June 30, 2005 amounted to Rp 1,500,000,000 and Rp 2,000,000,000, respectively. Total interest expense charged to operations amounted to Rp 86,777,750 and Rp 936,641,423 in 2005 and 2004, respectively.

AFP International Finance (2) Ltd.

In 2004, PT Mitrakarya Multiguna (MKM), a subsidiary, obtained a loan from AFP International Finance (2) Ltd., a related party, totalling US\$ 10,000,000 and was done under similar interest rate, terms and conditions as those done with third parties (Note 39). This loan is unsecured and due on March 29, 2005. From the loan, US\$ 9,900,000 bears interest of 2.33% per annum, while the remaining balance of US\$ 100,000 bears interest of 2.34% per annum. The interest is payable together with its principal on the maturity date.

On February 28, 2005, MKM already fully settled its loan. Interest expense charged to operations in 2005 and 2004 amounted to Rp 328,086,106 and Rp 1,838,262,621, respectively.

17. Bonds Payable

The following are the details of bonds payable:

	2005 Rp	2004 Rp
DP IV bonds	500,000,000,000	500,000,000,000
KPD bonds	166,000,000,000	-
Total bonds issued	666,000,000,000	500,000,000,000
Less unamortized discount	(5,000,000,000)	(7,000,000,000)
Net	661,000,000,000	493,000,000,000

Duta Pertiwi IV Bonds (DP IV)

On July 10, 2003, the Company issued Rupiah denominated DP IV bonds amounting to Rp 500,000,000,000, which were sold at par value, with PT Bank Niaga Tbk as trustee. The DP IV bonds, which are listed in the Surabaya Stock Exchange, have the following terms and conditions:

- Maturity date is on July 10, 2008.

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17. Bonds Payable (Continued)

- Interest of the bonds is at a fixed rate of 15.675% per annum for the first year until the fifth year.
- Interest is payable on quarterly basis from October 10, 2003 to July 10, 2008.
- The principal installment payments are as follows: the first 20% of the principal amount will be paid on the 12th interest payment; the next 20% of the principal amount will be paid on the 16th interest payment; and the remaining 60% of the principal amount will be paid on the 20th interest payment. The Company has an option to pay additional principal installments of 10% of the principal amount either on the 12th or 14th interest payment, and 20% of the principal amount either on the 16th or 18th interest payment.
- The Company's collection rights were pledged to the bondholders for the security of payment of DP IV bonds and should not be less than 100% of the bonds' nominal value at anytime.
- The Company is required to fulfill certain covenants which are stated in the agreement.

Based on the rating issued by PT Pemeringkat Efek Indonesia dated October 21, 2005, the abovementioned DP IV bonds were rated as idBBB- (Triple B Minus: Stable) from October 21, 2005 to September 1, 2006.

Around 87% of the net proceeds obtained were used to settle the outstanding principal balance of Duta Pertiwi II bonds and Duta Pertiwi III bonds, while the remaining 13% were used to finance the subsidiaries' working capital requirements.

Interest expense amounted to Rp 78,375,000,000 both in 2005 and 2004.

Kembangan Permai Development (KPD) Bonds

PT Kembangan Permai Development, a subsidiary, issued KPD bonds dated July 20, 2005, August 23, 2005, October 3, 2005 and October 24, 2005 amounting to Rp 50,000,000,000, Rp 50,000,000,000, Rp 50,000,000,000 and Rp 16,000,000,000, respectively. The term of these bonds is 5 years starting from date of bonds issuance. Interest rate is at 16% per annum. Interest expense in 2005 amounted to Rp 6,000,000,000.

18. Trade Accounts Payable to Third Parties

This account consists of the Company and its subsidiaries' payable to third party contractors in relation to the development costs incurred on their projects, and to third party suppliers in relation to hotel operations. The following are the trade accounts payable classified per business segment:

	2005 Rp	2004 Rp
Real estate	3,253,151,159	8,659,444,419
Hotel	6,941,937,062	7,498,626,219
Total	<u>10,195,088,221</u>	<u>16,158,070,638</u>

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18. Trade Accounts Payable to Third Parties (Continued)

The aging analysis of trade accounts payable from the date of invoice is as follows:

	2005 Rp	2004 Rp
Less than or equal to 1 month	2,875,286,145	1,534,424,972
More than 1 month but less than 3 months	5,820,064,381	9,768,411,962
More than 3 months but less than 6 months	142,420,844	3,738,190,716
More than 6 months but less than 12 months	182,841,519	227,514,896
More than 12 months	1,174,475,332	889,528,092
Total	<u>10,195,088,221</u>	<u>16,158,070,638</u>

19. Taxes Payable

This account consists of:

	2005 Rp	2004 Rp
Corporate income tax (Note 37)	75,422,682	81,572,780
Income taxes		
Article 21	1,790,751,025	1,878,837,223
Article 23	745,012,170	324,933,942
Article 25	1,360,845,048	1,360,845,048
Development tax I	953,329,153	691,908,038
Value Added Tax - net	7,086,538,832	4,510,389,334
Total	<u>12,011,898,910</u>	<u>8,848,486,365</u>

20. Accrued Expenses

This account consists of:

	2005 Rp	2004 Rp
Interest on:		
Loans from banks and other financial institutions	35,774,217,089	37,639,737,963
Bonds payable	17,416,666,667	17,416,666,667
Medium Term Notes	85,000,000	4,555,000,000
Others	28,162,096,154	26,825,488,275
Total	<u>81,437,979,910</u>	<u>86,436,892,905</u>

Other accrued expenses represent accrual of certain operating expenses of the Company and its subsidiaries.

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20. Accrued Expenses (Continued)

As of December 31, 2005 and 2004, accrued expenses with related parties represent nil and 0.06%, respectively of the total liabilities (Note 39). Transactions with related parties were done under similar interest rate, terms and conditions as those done with third parties.

As of December 31, 2005 and 2004, foreign currency denominated accrued expenses amounted to nil and US\$ 179,929, respectively (Note 40).

21. Security Deposits

The details of security deposits by nature of transactions are as follows:

	2005 Rp	2004 Rp
Rental and others	43,308,510,890	39,650,188,978
Telephone	16,395,542,989	15,325,034,590
Total	<u>59,704,053,879</u>	<u>54,975,223,568</u>

Security deposits from related parties represent rental security deposits. As of December 31, 2005 and 2004, security deposits from related parties represents 0.99% and 0.92%, respectively of the total liabilities (Note 39). Transactions with related parties were done under similar terms and conditions as those done with third parties.

As of December 31, 2005 and 2004, the total outstanding balance of security deposits includes security deposits in foreign currency amounting to US\$ 4,124,215 and US\$ 4,129,377, respectively (Note 40).

22. Advances Received

This account represents cash received from customers for their purchases of real estate inventories and rental. The details of this account by nature of its products are as follows:

	2005 Rp	2004 Rp
Rental	409,460,942,461	428,106,141,117
Land, houses and shophouses	393,978,205,817	283,191,156,475
Land and buildings with strata title	64,533,070,919	55,828,489,658
Others	18,873,072,312	10,271,140,069
Total	<u>886,845,291,509</u>	<u>777,396,927,319</u>

Advances received from related parties represent rental advances. As of December 31, 2005 and 2004, advances received from related parties represent 0.84% and 0.79%, respectively, of the total liabilities (Note 39). Transactions with related parties were done under similar terms and conditions as those done with third parties.

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23. Convertible Bonds

This pertains to the zero coupon convertible bonds issued by PT Putra Alvita Pratama (PAP), a subsidiary, on December 20, 2004 to PAP's stockholders (PT Gema Pratama Nusa Persada, PT Cempaka Seta, PT Suryatama Lokabuana Mulia, PT Pondok Ungu Permai, PT Madya Sakti Jaya Mandiri, and PT Pangestu Investa) totaling Rp 58,105,000,000.

The abovementioned convertible bonds have the following terms and conditions:

- The bonds are due in five years from the date of issuance;
- The bonds bear 0% interest (zero coupon);
- The bondholders have the right to convert its bonds into PAP's shares at any time. The number of shares resulting from the conversion is determined based on the principal amount of the bonds divided by 80% of the value of the shares at the time of conversion; and
- No transfer of title to these bonds shall be effective unless and until PAP is notified of, and consented to the transfer.

24. Other Liabilities

This account mostly pertains to the Company's liabilities were incurred from the acquisition of PT Matra Olahcipta, an associated company, amounting to Rp 9,000,000,000 and Rp 17,000,000,000 as of December 31, 2005 and 2004, respectively, investment in PT Phinisindo Zamrud Nusantara, an associated company, amounting to Rp 18,386,000,000 as of December 31, 2005 and 2004, respectively, and investment in PT Duta Semester Mas, a subsidiary, amounting to Rp 23,400,000,000 as of December 31, 2005. This account also includes estimated liabilities for future improvements of PT Mustika Karya Sejati, a subsidiary, amounting to Rp 7,141,818,700 for developing public facility in Taman Permata Buana project.

25. Minority Interest in Net Assets of the Subsidiaries

This account represents the minority stockholders' share on the net assets of its subsidiaries based on percentage of paid-up capital, with details as follows:

Name of Subsidiary	2005						Total Minority Interest in Net Assets of the Subsidiaries
	Capital Stock Rp	Additional Paid-in Capital Rp	Retained Earnings (Deficit), Beginning Rp	Net Income (Loss) Rp	Dividends Rp	Difference Due to Change in Equity of a Subsidiary Rp	
PT Putra Alvita Pratama	191,959,275,382	4,113,214,367	3,629,012,150	(3,834,005,559)	-	-	195,867,496,340
PT Royal Oriental	52,750,000,000	-	172,058,628,258	30,274,784,182	(102,335,000,000)	646,896,854	153,395,309,294
PT Kembangan Permai Development	50,000,000,000	-	(8,607,200)	41,187,014	-	-	50,032,579,814
PT Duta Semester Mas	34,320,000,000	-	-	(78,931,763)	-	-	34,241,068,237
PT Duta Virtual Dot Com	1,000,000	-	224,053	33,597	-	-	1,257,650
PT Mitrakarya Multiguna	-	-	(7,000,000)	7,000,000	-	-	-
PT Sinarwijaya Ekapratista	-	-	(1,489,422,702)	1,489,422,702	-	-	-
Total	<u>329,030,275,382</u>	<u>4,113,214,367</u>	<u>174,182,834,559</u>	<u>27,899,490,173</u>	<u>(102,335,000,000)</u>	<u>646,896,854</u>	<u>433,537,711,335</u>

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25. Minority Interest in Net Assets of the Subsidiaries (Continued)

Name of Subsidiary	2004						Total Minority Interest in Net Assets of the Subsidiaries Rp
	Capital Stock Rp	Additional Paid-in Capital Rp	Retained Earnings (Deficit), Beginning Rp	Net Income (Loss) Rp	Dividends Rp	Difference Due to Change in Equity of a Subsidiary Rp	
PT Putra Alvita Pratama	191,959,275,382	4,113,214,367	3,175,907,100	453,105,050	-	-	199,701,501,899
PT Royal Oriental	52,750,000,000	-	146,897,854,654	25,160,773,605	(54,860,000,000)	519,028,293	170,467,656,552
PT Sinarwijaya Ekapratista	7,200,000,000	6,233,766	(7,167,272,727)	5,710,577,296	(38,961,039)	-	5,710,577,296
PT Mitrakarya Multiguna	7,000,000	-	-	(7,000,000)	-	-	-
PT Duta Virtual Dot Com	1,000,000	-	190,192	33,861	-	-	1,224,053
Total	251,917,275,382	4,119,448,133	142,906,679,219	31,317,489,812	(54,898,961,039)	519,028,293	375,880,959,800

In 2005, the Company acquired 80% of PT Kembangan Permai Development's shares of stock and 60% of PT Duta Semesta Mas' shares of stock, and also increased its ownership in PT Sinarwijaya Ekapratista (SWEP) from 96.88% to 100% and PT Mitrakarya Multiguna (MKM) from 86% to 100% (Note 1.c).

In 2004, the Company acquired 53.52% of PT Putra Alvita Pratama's shares of stock and 86% of MKM and also increased its ownership in SWEP from 60% to 96.88%.

26. Capital Stock

As of December 31, 2005 and 2004, the share ownership in the Company, based on the record of PT Sinartama Gunita (STG), a related party shares registrar, is as follows:

Name of Stockholder	2005		
	Number of Shares	Percentage of Ownership %	Total Paid-up Capital Stock Rp
PT Ekacentra Usahamaju	700,000,000	50.45	350,000,000,000
PT Paraga Artamida	483,704,250	34.86	241,852,125,000
PT Sinar Mas Tunggal	4,730,250	0.34	2,365,125,000
Public (below 5% each)	199,065,500	14.35	99,532,750,000
Total	1,387,500,000	100.00	693,750,000,000

Name of Stockholder	2004		
	Number of Shares	Percentage of Ownership %	Total Paid-up Capital Stock Rp
PT Ekacentra Usahamaju	700,000,000	50.45	350,000,000,000
PT Paraga Artamida	201,217,750	14.50	100,608,875,000
PT Sinar Mas Tunggal	4,730,250	0.34	2,365,125,000
Public (below 5% each)	481,552,000	34.71	240,776,000,000
Total	1,387,500,000	100.00	693,750,000,000

All of the shares of the Company are listed in the Jakarta and Surabaya Stock Exchanges.

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26. Capital Stock (Continued)

On May 10, 2005, PT Paraga Artamida (PA), the Company's stockholder, purchased the Company's shares from the public totalling 282,486,500 shares, as a result, the percentage of ownership of PA in the Company increased from 14.50% or equivalent to Rp 100,608,875,000 as of December 31, 2004 to 34.86% or equivalent to Rp 241,852,125,000 as of December 31, 2005. The change in share ownership of PA in the Company has been recorded in STG's report.

27. Additional Paid-in Capital

This account represents additional paid-in capital in connection with the following:

	Rp
Sale of the Company's shares through public offering in 1994	
Proceeds from the issuance of 25,000,000 shares	78,750,000,000
Amount recorded as paid-up capital	<u>(25,000,000,000)</u>
Balance of additional paid-in capital as of December 31, 1994	<u>53,750,000,000</u>
Conversion of convertible bonds in 1995	
Total bonds converted	78,750,000,000
Amount recorded as paid-up capital	<u>(52,500,000,000)</u>
Net	<u>26,250,000,000</u>
Balance of additional paid-in capital as of December 31, 1995	80,000,000,000
Distribution of bonus shares in 1996	<u>(69,375,000,000)</u>
Balance of additional paid-in capital as of December 31, 1996	<u>10,625,000,000</u>
Rights offering I to stockholders in 1997	
Proceeds from the issuance of 693,750,000 shares	502,968,750,000
Amount recorded as paid-up capital	<u>(346,875,000,000)</u>
Net	<u>156,093,750,000</u>
Balance as of December 31, 2005 and 2004	<u><u>166,718,750,000</u></u>

There was no transaction affecting additional paid-in capital from 1998 until 2005.

28. Cash Dividend

Based on the General Stockholders' Meeting dated June 28, 2005 as documented in Notarial Deed No. 40 dated June 28, 2005 of P. Sutrisno A. Tampubolon, S.H., M.Kn., notary public in Jakarta, the stockholders approved the distribution of final cash dividends for 2004 amounting to Rp 159,562,500,000 or Rp 115 per share to the stockholders.

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29. Difference Due to Change in Equity of a Subsidiary

As of December 31, 2005 and 2004, PT Royal Oriental (RO), a subsidiary, recorded net unrealized gain on increase in fair value of investments in mutual fund amounting to Rp 2,498,677,421 and Rp 2,004,777,530, respectively. The change in value of the investments in securities of RO resulted to a change in the Company's interest in RO. After the recognition of the above transactions, the difference due to change in equity of RO amounted to a gain of Rp 1,885,346,263 and Rp 1,519,314,933 (both represent the Company's share in the unrealized gain on increase in fair value of investments in mutual fund) as of December 31, 2005 and 2004, respectively.

30. Difference in Value of Restructuring Transactions Between Entities Under Common Control

On January 14, 2003, PT Royal Oriental (RO), a subsidiary, increased its authorized and paid-up capital which was fully issued to its minority stockholder amounting to Rp 15,000,000,000. As a result, the Company's interest in RO decreased from 80% to 74.11%. The recognition of the above transactions caused the Company to recognize the difference of Rp 27,438,750,126 from its new interest in RO, which was recorded under "Difference in Value of Restructuring Transactions Between Entities Under Common Control."

31. Revenues

The details of the Company and its subsidiaries' revenues by nature of transactions are follows:

	2005 Rp	2004 Rp
Sales		
Land, houses and shophouses	332,817,255,351	417,381,025,694
Land and buildings with strata title	160,809,820,375	121,737,833,230
Rental	157,065,318,060	145,860,756,438
Hotel	97,629,347,157	91,623,026,107
Others	142,868,172,597	123,524,118,304
Total	<u>891,189,913,540</u>	<u>900,126,759,773</u>

Revenues from related parties represent 8.43% and 7.59% in 2005 and 2004, respectively, of the total revenues (Note 39). Revenues from related parties were derived from building rental and other related services which were done under similar price, terms and conditions as those done with third parties.

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32. Cost of Revenues

This account consists of cost of sales and direct costs with details as follows:

	2005 Rp	2004 Rp
Cost of sales		
Land, houses and shophouses	250,372,475,993	309,160,338,632
Land and buildings with strata title	73,472,522,528	69,099,756,287
Hotel direct costs	34,818,672,377	32,451,977,001
Total	<u>358,663,670,898</u>	<u>410,712,071,920</u>

33. Operating Expenses

The details of operating expenses are as follows:

	2005 Rp	2004 Rp
a. Selling		
Advertisement, commission, promotion and office expenses	64,923,848,317	56,713,614,270
Consultation fees, permits and other services	9,018,203,229	7,269,867,840
Salaries and employees' allowances	8,265,632,558	15,176,841,404
Repairs and maintenance	3,389,720,386	5,577,056,143
Insurance	2,168,575,002	2,551,800,293
Depreciation (Note 12)	349,356,551	298,761,692
Others	19,801,918,768	16,658,723,846
Subtotal	<u>107,917,254,811</u>	<u>104,246,665,488</u>
b. General and Administrative		
Salaries and employees' allowances	115,786,607,417	108,229,444,749
Energy cost and operations' repairs and maintenance	46,249,663,241	33,962,973,762
Office expenses, electricity and communication	43,670,626,244	41,656,285,539
Depreciation (Notes 12 and 13)	35,520,338,920	33,780,783,529
Consultation fees, permits and other services	33,466,046,690	23,742,543,122
Insurance	6,471,146,393	6,973,681,004
Representation and donations	3,467,853,555	2,499,255,481
Others	29,936,004,600	22,129,193,919
Subtotal	<u>314,568,287,060</u>	<u>272,974,161,105</u>
Total	<u>422,485,541,871</u>	<u>377,220,826,593</u>

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34. Interest and Investment Income

	2005 Rp	2004 Rp
Time deposits	26,662,284,802	13,036,229,417
Investments in bonds, notes receivable and mutual funds	25,644,473,119	15,137,285,427
Current accounts	1,260,240,334	1,205,428,043
Total	<u>53,566,998,255</u>	<u>29,378,942,887</u>

Interest and investment income from investments in bonds from related parties in 2005 and 2004 represents 27.10% and 49.34%, respectively, of the total interest and investment income (Note 39.b). Transactions with related parties were done under similar terms and conditions as those done with third parties.

35. Interest Expense

	2005 Rp	2004 Rp
Loans from banks and other financial institutions	92,621,371,715	27,903,686,966
Bonds payable	78,375,000,000	78,375,000,000
Medium Term Notes	1,525,000,000	13,782,222,225
Total	<u>172,521,371,715</u>	<u>120,060,909,191</u>

Interest expense on loans from banks and other financial institutions with related parties in 2005 and 2004 represents 0.19% and 1.53%, respectively, of the total interest expense (Note 39.c). Transactions with related parties were done under similar terms and conditions as those done with third parties.

36. Post-Employment Benefits

The amount of post-employment benefits is determined based on the outstanding regulation KEP-150/MEN/2000 (KepMen 150) which took effect in 2000 and was adjusted into Law No. 13 Year 2003, dated March 25, 2003. The basic changes in the new law are the provision for severance payment and gratuity covering additional years of service of employees. Such changes were applied prospectively. No funding of the benefits has been made to date.

Number of eligible employees is 3,217 employees in 2005 and 3,371 employees in 2004.

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36. Post-Employment Benefits (Continued)

A reconciliation of the amount of defined-benefit post-employment reserve presented in the consolidated balance sheets is as follows:

	2005 Rp	2004 Rp
Present value of unfunded defined-benefit reserve	49,401,405,254	38,728,322,578
Unrecognized actuarial gains	579,468,363	-
Defined-benefit post-employment reserve	49,980,873,617	38,728,322,578

Following are details of defined-benefit post-employment expense:

	2005 Rp	2004 Rp
Current service costs	5,898,423,320	4,010,997,371
Interest costs	4,913,539,268	3,999,152,905
Past service costs	-	799,652,753
Recognized actuarial losses	3,703,981,583	-
Total	14,515,944,171	8,809,803,029

Movements of defined-benefit post-employment reserve are as follows:

	2005 Rp	2004 Rp
Defined-benefit post-employment reserve at beginning of the year	38,728,322,578	38,820,111,993
Defined-benefit post-employment expense during the year	14,515,944,171	8,809,803,029
Payments of post-employment benefits	(3,263,393,132)	-
Adjustment to defined-benefit post-employment reserve	-	(8,901,592,444)
Defined-benefit post-employment reserve at end of the year	49,980,873,617	38,728,322,578

Principal assumptions used in valuation of the defined post-employment benefits are as follows:

	2005	2004
Discount rate	12%	12%
Future salary increases	10%	10%
Level of employee turnover	2.88% per annum until age 35, then decrease linearly to 0% until age 55	16%

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37. Income Tax

- a. The tax expense (benefit) of the Company and its subsidiaries consists of the following:

	<u>2005</u>	<u>2004</u>
	Rp	Rp
Current tax	22,878,600,686	20,358,263,661
Deferred tax	<u>(9,259,502,158)</u>	<u>(3,493,277,708)</u>
Total	<u><u>13,619,098,528</u></u>	<u><u>16,864,985,953</u></u>

- b. Current Tax

A reconciliation between income before tax per consolidated statements of income and accumulated fiscal losses for the years ended December 31, 2005 and 2004 is as follows:

	<u>2005</u>	<u>2004</u>
	Rp	Rp
Income before tax per consolidated statements of income	102,375,325,859	107,825,451,861
Income before tax of the Subsidiaries	<u>(143,102,437,651)</u>	<u>(116,295,048,523)</u>
Loss before tax of the Parent Company	<u>(40,727,111,792)</u>	<u>(8,469,596,662)</u>
Adjustments for expenses (income) already subjected to final tax:		
Direct operating expenses	1,613,225,641	1,490,270,728
Service charge revenues	(6,288,624,091)	(5,760,397,939)
Rental revenues	<u>(47,883,118,049)</u>	<u>(48,124,231,946)</u>
Net	<u>(52,558,516,499)</u>	<u>(52,394,359,157)</u>
Loss subject to nonfinal tax	<u>(93,285,628,291)</u>	<u>(60,863,955,819)</u>
Temporary differences:		
Defined post-employment benefits - net	7,046,224,099	(2,022,595,503)
Difference between fiscal and commercial depreciation	902,661,624	590,653,716
Net	<u>7,948,885,723</u>	<u>(1,431,941,787)</u>
Permanent differences:		
Other expenses (income)	6,816,594,029	(154,441,000)
Representation and donations	1,680,579,714	2,414,394,889
Gain on sale of property and equipment	(296,816,669)	(267,923,545)
Interest income already subjected to final tax	<u>(20,710,891,171)</u>	<u>(7,733,370,411)</u>
Net	<u>(12,510,534,097)</u>	<u>(5,741,340,067)</u>
Fiscal loss	(97,847,276,665)	(68,037,237,673)
Fiscal losses carried forward from prior years:		
2003	(51,395,310,099)	(56,420,578,610)
2004	(68,037,237,673)	-
Adjustments resulting from tax assessments	<u>5,299,617,017</u>	<u>5,025,268,511</u>
Accumulated fiscal losses	<u><u>(211,980,207,420)</u></u>	<u><u>(119,432,547,772)</u></u>

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37. Income Tax (Continued)

b. Current Tax (Continued)

The current tax expense and prepaid taxes are computed as follows:

	2005 Rp	2004 Rp
Current tax expense		
Final income tax:		
Parent Company		
Rental and service charges		
6% x Rp 27,754,365,339 and		
10% x Rp 26,417,376,801 in 2005;		
6% x Rp 32,326,410,268 and		
10% x Rp 21,558,219,617 in 2004;	4,306,999,600	4,095,406,578
Subsidiaries		
PT Royal Oriental	15,155,875,938	12,237,224,484
PT Perwita Margasakti	2,501,551,448	2,417,472,099
Subtotal	17,657,427,386	14,654,696,583
Nonfinal income tax:		
Subsidiaries		
PT Misaya Properindo	570,254,000	545,868,800
PT Kembangan Permai Development	154,599,500	-
PT Perwita Margasakti	128,754,500	-
PT Sinarwijaya Ekapratista	60,565,700	56,955,200
PT Mustika Karya Sejati	-	1,005,336,500
Subtotal	914,173,700	1,608,160,500
Total current tax expense	22,878,600,686	20,358,263,661
Less prepaid income taxes:		
Final		
Parent Company	4,306,999,600	4,095,406,578
Subsidiaries	26,173,030,048	20,929,840,324
Subtotal	30,480,029,648	25,025,246,902
Nonfinal		
Parent Company	-	3,720,714,688
Subsidiaries	1,466,396,933	3,095,182,618
Subtotal	1,466,396,933	6,815,897,306
Total prepaid income taxes	31,946,426,581	31,841,144,208
Prepaid taxes	(9,067,825,895)	(11,482,880,547)

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37. Income Tax (Continued)

b. Current Tax (Continued)

	2005 Rp	2004 Rp
Details:		
Final		
Parent Company	-	-
Subsidiaries	(8,515,602,662)	(6,275,143,741)
Nonfinal		
Parent Company	-	(3,720,714,688)
Subsidiaries	(627,645,915)	(1,568,594,898)
Subsidiaries - taxes payable (Note 19)	75,422,682	81,572,780
Total	<u>(9,067,825,895)</u>	<u>(11,482,880,547)</u>

According to tax regulations, fiscal losses can be offset against the taxable income immediately within a period of five years after such fiscal losses were incurred.

Excess tax payments are recorded under the prepaid taxes account (Note 9).

The fiscal loss of the Company in 2004 is in accordance with the corporate income tax return filed with the Tax Service Office.

The adjustments in the Parent Company's fiscal loss in 2004 and 2003 amounting to Rp 5,299,617,017 and Rp 5,025,268,511, respectively, are based on the tax audit result from the Tax Service Office as stated in its Letters No. 00001/406/04/091/05 dated September 7, 2005 and No. 00003/406/03/091/05 dated January 27, 2005.

c. Deferred Tax

The details of the Company and its subsidiaries' deferred tax assets (liability) are as follows:

	January 1, 2004 Rp	Effect of consolidated subsidiaries Rp	Credited (charged) to consolidated statement of income for the year Rp	December 31, 2004 Rp	Credited to consolidated statement of income for the year	December 31, 2005 Rp
Deferred tax assets						
Fiscal loss	-	4,210,001,165	3,778,095,988	7,988,097,153	5,873,406,915	13,861,504,068
Defined-benefit post-employment reserve	9,111,648,859	-	(520,273,563)	8,591,375,296	2,979,274,473	11,570,649,769
Deferred tax liability						
Accumulated depreciation of property and equipment	(160,324,832)	-	235,455,283	75,130,451	406,820,770	481,951,221
Deferred tax assets - net	<u>8,951,324,027</u>	<u>4,210,001,165</u>	<u>3,493,277,708</u>	<u>16,654,602,900</u>	<u>9,259,502,158</u>	<u>25,914,105,058</u>

As of December 31, 2005 and 2004, the Parent Company had accumulated fiscal losses amounting to Rp 211,980,207,420 and Rp 119,432,547,772. Management decided not to recognize deferred tax asset on the accumulated fiscal losses because they believe that there is uncertainty on whether the Parent Company can generate sufficient taxable income within the succeeding five years after such fiscal losses were incurred to realize the deferred tax asset. The unrecognized deferred tax asset on such accumulated fiscal losses amounted to Rp 63,594,062,226 and Rp 35,829,764,332 as of December 31, 2005 and 2004, respectively.

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37. Income Tax (Continued)

c. Deferred Tax (Continued)

The details of deferred tax assets and liabilities for financial statement presentation purposes are as follows:

	2005	2004
	Rp	Rp
Deferred tax assets		
The Parent Company	9,309,326,814	6,924,661,097
PT Putra Alvita Pratama	11,518,094,843	5,346,296,701
PT Mitrakarya Multiguna	2,723,080,366	2,685,323,806
PT Perwita Margasakti	951,324,450	825,245,051
PT Saranapapan Ekasejati	549,291,973	634,442,160
PT Kembangan Permai Development	411,540,971	-
PT Misaya Properindo	303,489,898	-
PT Duta Semesta Mas	99,176,140	-
PT Mustika Karya Sejati	38,453,993	257,544,438
PT Pangeran Plaza Utama	10,325,610	4,379,952
Subtotal	<u>25,914,105,058</u>	<u>16,677,893,205</u>
Deferred tax liability		
PT Misaya Properindo	<u>-</u>	<u>23,290,305</u>
Deferred Tax Assets - Net	<u><u>25,914,105,058</u></u>	<u><u>16,654,602,900</u></u>

A reconciliation between the total tax expense and the amounts computed by applying the effective tax rate to income before final tax per consolidated statements of income for the years ended December 31, 2005 and 2004 is as follows:

	2005	2004
	Rp	Rp
Income (loss) before tax of the Parent Company per consolidated statements of income	<u>(40,727,111,792)</u>	<u>(8,469,596,662)</u>
Adjustments for expenses (income) already subjected to final tax:		
Direct operating expenses	1,613,225,641	1,490,270,728
Service charge revenues	(6,288,624,091)	(5,760,397,939)
Rental revenues	<u>(47,883,118,049)</u>	<u>(48,124,231,946)</u>
Income already subjected to final tax	<u><u>(52,558,516,499)</u></u>	<u><u>(52,394,359,157)</u></u>
Loss subject to nonfinal tax	<u><u>(93,285,628,291)</u></u>	<u><u>(60,863,955,819)</u></u>

PT DUTA PERTIWI Tbk AND ITS SUBSIDIARIES
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37. Income Tax (Continued)

c. Deferred Tax (Continued)

	2005 <u>Rp</u>	2004 <u>Rp</u>
Nonfinal tax benefit at effective tax rate	<u>(27,985,688,487)</u>	<u>(18,259,186,746)</u>
Tax effect on permanent differences:		
Other expenses (income)	2,044,978,207	(46,332,300)
Representation and donations	504,173,914	724,318,467
Gain on sale of property and equipment	(89,045,000)	(80,377,063)
Interest income already subjected to final tax	<u>(6,213,267,351)</u>	<u>(2,320,011,124)</u>
Net	<u>(3,753,160,230)</u>	<u>(1,722,402,020)</u>
Nonfinal tax benefit	(31,738,848,717)	(19,981,588,766)
Estimated unrecoverable fiscal loss	29,354,183,000	20,411,171,302
Final tax	<u>4,306,999,600</u>	<u>4,095,406,578</u>
Total tax expense of the Parent Company	1,922,333,883	4,524,989,114
Total tax expense (benefit) of the Subsidiaries		
Final tax	17,657,427,386	14,654,696,583
Nonfinal tax	<u>(5,960,662,741)</u>	<u>(2,314,699,744)</u>
Total tax expense	<u><u>13,619,098,528</u></u>	<u><u>16,864,985,953</u></u>

38. Basic Earnings Per Share

The computation of basic earnings per share is as follows:

	2005 <u></u>	2004 <u></u>
Net income (in Rupiah)	<u><u>60,856,737,158</u></u>	<u><u>59,642,976,096</u></u>
Weighted average number of shares	<u><u>1,387,500,000</u></u>	<u><u>1,387,500,000</u></u>
Earnings per share (in Rupiah)	<u><u>43.86</u></u>	<u><u>42.99</u></u>

PT DUTA PERTIWI Tbk AND ITS SUBSIDIARIES
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39. Nature of Relationship and Transactions with Related Parties

The details of the nature of relationship and the significant transactions with related parties are as follows:

Nature of Relationship

- a. PT Ekacentra Usahamaju, PT Paraga Artamida and PT Sinar Mas Tunggal are stockholders of the Company.
- b. Related parties which have partly the same stockholders and management, directly or indirectly, as that of the Company and its subsidiaries are as follows:
 - PT Mitrabangun Adigraha
 - PT Putra Satria Prima
 - PT Asuransi Sinar Mas
 - PT Asuransi Jiwa Eka Life
 - PT Tapan Nadenggan
 - PT Sinar Mas Tunggal
 - PT Intercipta Kimia Pratama
 - PT Aldiracita Corpotama
 - PT Sinartama Gunita
 - PT Pindo Deli Pulp and Paper Mills
 - PT Nuansa Seruni Inti
 - PT LG Insurance Indonesia
 - PT Karyamas Prima Lestari
 - PT Sinarmas Sekuritas
 - PT Indah Kiat Pulp & Paper Tbk
 - PT Pabrik Kertas Tjiwi Kimia Tbk
 - AFP International Finance (2) Ltd.
 - PT Triharpindo Mandiri
 - PT Arara Abadi
 - PT Ivo Mas Tunggal
 - PT Cakrawala Mega Indah
 - PT Mega Kertas Pratama
 - PT Sinar Mas Agro Resources and Technology Tbk
 - PT Sinar Mas Multifinance
 - PT Karawang Bukit Golf
- c. PT Anekagriya Buminusa, BKS Pasar Pagi - ITC Mangga Dua, PT Citraagung Tirta Jatim, PT Dutakarya Propertindo, PT Kanaka Grahaasri, PT Karawang Bukit Golf, PT Matra Olahcipta, PT Mekanusa Cipta, PT Phinisindo Zamrud Nusantara, PT Prima Sehati, and PT Putra Prabukarya are associated companies.

Transactions with Related Parties

- a. The accounts involving transactions with related parties are as follows:

	Total		Percentage to Total Assets	
	2005	2004	2005	2004
	Rp	Rp	%	%
Assets				
Investments in securities				
Notes receivable				
AFP International Finance (2) Ltd.	-	92,900,000,000	-	1.97
Bonds - net				
PT Indah Kiat Pulp & Paper Tbk	74,950,966,389	79,900,000,000	1.63	1.70
Total	<u>74,950,966,389</u>	<u>172,800,000,000</u>	<u>1.63</u>	<u>3.67</u>

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39. Nature of Relationship and Transactions with Related Parties (Continued)

Transactions with Related Parties (Continued)

	Total		Percentage to Total Assets	
	2005 Rp	2004 Rp	2005 %	2004 %
Assets (Continued)				
Investments in shares of stock				
Equity method:				
PT Matra Olahcipta	45,191,186,102	44,858,465,116	0.98	0.95
PT Phinisindo Zamrud Nusantara	21,244,262,103	19,449,101,770	0.46	0.41
PT Citraagung Tirta Jatim	-	10,000,000,000	-	0.21
BKS Pasar Pagi - ITC				
Mangga Dua	2,310,655,681	2,400,000,000	0.05	0.05
Cost method:				
PT Mekanusa Cipta	203,769,824,000	203,769,824,000	4.42	4.33
PT Prima Sehati	81,081,212,000	81,081,212,000	1.76	1.72
PT Anekagriya Buminusa	51,711,504,000	51,711,504,000	1.12	1.10
PT Kanaka Grahaasri	21,485,836,000	21,485,836,000	0.47	0.46
PT Putra Prabukarya	4,090,412,000	4,090,412,000	0.09	0.09
PT Karawang Bukit Golf	589,087,800	589,087,800	0.01	0.01
Total	<u>431,473,979,686</u>	<u>439,435,442,686</u>	<u>9.36</u>	<u>9.33</u>
Trade accounts receivable				
PT Indah Kiat Pulp & Paper Tbk	691,489,847	99,941,818	0.01	-
PT Sinar Mas Agro Resources				
and Technology Tbk	302,700,873	347,850,727	0.01	0.01
PT Tapan Nadenggan	7,036,118	103,420,493	-	-
PT Nuansa Seruni Inti	-	255,307,222	-	0.01
PT Triharpindo Mandiri	-	207,022,686	-	-
Others (below Rp 50 million each)	71,499,653	78,386,587	-	-
Total	<u>1,072,726,491</u>	<u>1,091,929,533</u>	<u>0.02</u>	<u>0.02</u>
Other accounts receivable				
PT Indah Kiat Pulp & Paper Tbk	2,377,876,995	3,129,876,528	0.05	0.07
AFP International Finance (2) Ltd.	-	1,874,314,831	-	0.04
Others	4,819,000	3,410,500	-	-
Total	<u>2,382,695,995</u>	<u>5,007,601,859</u>	<u>0.05</u>	<u>0.11</u>
Prepaid expenses	<u>539,178,663</u>	<u>1,693,813,813</u>	<u>0.01</u>	<u>0.04</u>

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39. Nature of Relationship and Transactions with Related Parties (Continued)

Transactions with Related Parties (Continued)

	Total		Percentage to Total Liabilities	
	2005 Rp	2004 Rp	2005 %	2004 %
Liabilities				
Loans from banks and other financial institutions				
AFP International Finance (2) Ltd.	-	92,900,000,000	-	3.50
Accrued expenses				
AFP International Finance (2) Ltd.	-	1,671,540,410	-	0.06
Security deposits				
PT Sinar Mas Agro Resources and Technology Tbk	7,669,012,192	7,154,559,276	0.29	0.27
PT Indah Kiat Pulp & Paper Tbk	6,479,301,701	5,636,508,248	0.25	0.21
PT Pabrik Kertas Tjiwi Kimia Tbk	4,533,726,456	4,322,465,799	0.17	0.16
PT Sinarmas Sekuritas	1,272,454,425	799,112,850	0.05	0.03
PT Mega Kertas Pratama	1,187,219,974	1,122,001,381	0.05	0.04
PT Tapan Nadenggan	980,376,018	929,819,565	0.04	0.04
PT Arara Abadi	795,759,175	755,759,175	0.03	0.03
PT Ivo Mas Tunggal	678,575,309	858,697,248	0.02	0.03
Others (below Rp 600 million each)	2,269,432,041	2,797,003,747	0.09	0.11
Total	25,865,857,291	24,375,927,289	0.99	0.92
Advances received				
PT Indah Kiat Pulp & Paper Tbk	8,182,069,259	8,907,742,244	0.31	0.34
PT Pabrik Kertas Tjiwi Kimia Tbk	6,813,526,377	6,400,524,984	0.26	0.24
PT Cakrawala Mega Indah	2,885,721,752	2,583,622,763	0.11	0.10
PT Sinar Mas Agro Resources and Technology Tbk	1,325,024,105	920,449,373	0.05	0.03
PT Tapan Nadenggan	626,885,183	592,767,249	0.03	0.02
PT LG Insurance Indonesia	303,285,182	332,137,534	0.01	0.01
PT Arara Abadi	307,408,185	285,437,964	0.01	0.01
PT Ivo Mas Tunggal	313,756,635	-	0.01	-
Others (below Rp 300 million each)	1,146,001,798	991,207,433	0.05	0.04
Total	21,903,678,476	21,013,889,544	0.84	0.79

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39. Nature of Relationship and Transactions with Related Parties (Continued)

Transactions with Related Parties (Continued)

	Total		Percentage to Total Revenues	
	2005 Rp	2004 Rp	2005 %	2004 %
Revenues				
PT Sinar Mas Agro Resources and Technology Tbk	27,189,577,921	23,613,706,012	3.05	2.62
PT Indah Kiat Pulp & Paper Tbk	17,866,624,255	16,929,380,768	2.00	1.88
PT Pabrik Kertas Tjiwi Kimia Tbk	11,309,898,655	10,960,064,172	1.27	1.22
PT Cakrawala Mega Indah	5,047,573,836	4,619,377,358	0.57	0.51
PT Tapan Nadenggan	3,902,042,669	3,690,902,533	0.44	0.41
PT Arara Abadi	2,970,998,805	3,003,454,442	0.33	0.34
PT Sinarmas Sekuritas	1,410,250,824	710,425,452	0.16	0.08
PT LG Insurance Indonesia	1,382,820,746	1,354,224,937	0.15	0.15
PT Ivo Mas Tunggal	1,139,377,189	653,648,738	0.13	0.07
PT Karawang Bukit Golf	569,157,130	-	0.06	-
PT Karyamas Prima Lestari	500,791,101	-	0.06	-
Others (below Rp 500 million each)	1,837,079,108	2,768,525,590	0.21	0.31
Total	75,126,192,239	68,303,710,002	8.43	7.59

Sale transactions with related parties were done under similar price, terms and conditions as those done with third parties.

- b. In 2005 and 2004, interest and investment income totaling Rp 14,515,651,847 and Rp 14,497,992,192 (27.10% and 49.34%, respectively, of the total interest and investment income), respectively, were derived from bonds issued by PT Indah Kiat Pulp & Paper Tbk (IKPP) and from notes issued by AFP International Finance (2) Ltd., related parties (Note 34). Transactions with related parties were done under similar terms and conditions as those done with third parties.
- c. In 2005 and 2004, interest expense of Rp 328,086,106 and Rp 1,838,262,621 (0.19% and 1.53%, respectively, of the total interest expense), respectively, was paid to AFP International Finance (2) Ltd., a related party (Note 35). Transactions with related parties were done under similar terms and conditions as those done with third parties.
- d. In 2005 and 2004, the Company engaged PT Mitrabangun Adigraha to construct houses and shophouses on its behalf, for a fee of Rp 9,769,295,844 and Rp 21,530,019,303, respectively. On the other hand, PT Paraga Artamida were engaged to provide structural design services and project supervision services amounting to Rp 10,272,207,272 in 2005 and nil in 2004 (Note 7). Transactions with related parties were done under similar terms and conditions as those done with third parties.
- e. IKPP granted the Company the authority to sell, transfer, assign and/or release the rights to other parties on the land with Building Use Rights, owned by IKPP (Note 41.I).
- f. As of December 31, 2005 and 2004, the Company and its subsidiaries insured their assets (inventories and property and equipment) with PT Asuransi Sinar Mas, with insurance premium payments representing 98.71% and 98.92%, respectively, of the total insurance premiums paid. The transaction was done under similar terms and conditions as those done with third parties (Notes 7 and 12).

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39. Nature of Relationship and Transactions with Related Parties (Continued)

Transactions with Related Parties (Continued)

- g. As of December 31, 2005 and 2004, certain bank loan by a subsidiary was secured by a corporate guarantee from the Company (Note 16).
- h. As of December 31, 2005 and 2004, the Company and its subsidiary placed mutual funds with PT Sinarmas Sekuritas as an investment manager. According to management, these transactions were done under similar terms and conditions as those done with third parties (Note 4).
- i. 18.6% and 10.75% in 2005 and 2004, respectively, of the total salaries, wages and employees' allowances were distributed to the boards of commissioners and directors of the Company.

40. Monetary Assets and Liabilities Denominated in Foreign Currencies

At December 31, 2005 and 2004, the Company and its subsidiaries have monetary assets and liabilities denominated in foreign currencies as follows:

		2005		2004	
		Foreign Currencies	Equivalent in Rp '000 *)	Foreign Currencies	Equivalent in Rp '000 *)
Assets					
Cash and cash equivalents					
Third parties	US\$	4,913,611	48,300,796	3,200,547	29,733,081
	Yen	530,480	44,253	536,780	48,536
Investments - notes receivable					
Related party	US\$	-	-	10,000,000	92,900,000
Trade accounts receivable					
Related parties	US\$	73,585	723,341	43,494	404,059
Third parties	US\$	1,600	15,728	995	9,244
Other accounts receivable					
Related parties	US\$	-	-	201,756	1,874,313
Third parties	US\$	3,332	32,754	113	1,050
Total Assets			49,116,872		124,970,283
Liabilities					
Loans from banks and other financial institutions					
Related party	US\$	-	-	10,000,000	92,900,000
Third party	US\$	28,426,761	279,435,061	31,626,761	293,812,607
Accrued expenses					
Related parties	US\$	-	-	179,929	1,671,540
Security deposits					
Related parties	US\$	2,161,414	21,246,700	2,150,867	19,981,554
Third parties	US\$	1,962,801	19,294,334	1,978,510	18,380,358
Total Liabilities			319,976,095		426,746,059
Net Liabilities			(270,859,223)		(301,775,776)

*) The Rupiah equivalents presented above were converted using the rates of exchange prevailing at balance sheet dates (Note 2.c).

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41. Significant Agreements and Commitments

- a. The Company and its subsidiaries entered into agreements with several contractors for the development of real estate projects, as follows:

Contractor	Company Name	Location	Project Name
PT Waskita Karya	PT Duta Pertiwi Tbk	Surabaya	Pusat Grosir Wonokromo
PT Oscarindo Utama Gemilang, PT Kirana Kurnia Karya dan PT Putra Pagamandiri Sejati	PT Putra Alvita Pratama	Bekasi	Grand Wisata

- b. On January 15, 1993, the Company entered into a Build, Operate and Transfer (BOT) agreement with PT Sinarwisata Lestari (SWL), a subsidiary to build and operate a hotel building with its facility located in Jalan Mangga Dua, Jakarta for a period of twenty (20) years from the commencement of the hotel's commercial operations.

Upon expiration of the twenty-year period, SWL will transfer the hotel building to the Company.

- c. On September 13, 1999, the Company signed a joint operations agreement with the Local Government (Pemda) in Jakarta under Build, Operate, and Transfer (BOT), to build a bridge totaling 4,199 square meters, including its shop facility of 141 units or 1,527 square meters, which will connect ITC Mangga Dua building and Mall Mangga Dua building. This agreement is valid for 30 years starting from the date when the bridge is ready for use.

During the BOT period, the Company can rent out, transfer its rights or lend the shop facility to third parties. At the end of the BOT period, the Company will transfer the bridge and the shop facility to Pemda, Jakarta.

- d. On October 8, 1999, the Company signed a joint operations agreement "Badan Kerja Sama" (BKS Pasar Pagi - ITC Mangga Dua) with PT Praja Puri Indah Real Estate, Robin and Adhi Hermanto (representatives of the Tenants Association of ITC Mangga Dua) to build a bridge, including shop facility, which will connect the Pasar Pagi Mangga Dua building and ITC Mangga Dua building.

- e. On September 14, 2001, the Company, as the major stockholder of PT Sinarwisata Permai (SWP) and as the ultimate and beneficial owner of Dusit Balikpapan, entered into a Franchise Agreement with Dusit Thani Public Company Ltd., registered and beneficial owner of the trademark "Dusit." Based on the said agreement, the Company discontinued all its existing license, management support and management incentive agreements with Dusit Pacific International (DPI) and all the subsidiary companies of DPI (Pacific Hotels and Resorts, B.V.; Dusit System, B.V.; and Dusit Promotion, N.V.) effective December 31, 2001. However, the Company still wishes to continue the right to use the trademark "Dusit" solely for its hotel property.

On November 4, 2002, the Company continued the agreement with Dusit Hotels & Resorts Co., Ltd. (a subsidiary company of DPI), under the same terms and conditions. This agreement took effect on January 1, 2003 for an initial term of one year, whereas on December 19, 2003, the agreement has been extended up to December 31, 2004.

On January 1, 2005, the Company extended its Franchise Agreement with DHR. Based on the extension, DHR required SWP to pay franchise fee for the right to use the trademark "Dusit" solely for its hotel property for a sum of US\$ 1,000 per month, which should be paid in full on a yearly basis. The extension of the agreement took effect on January 1, 2005 for an initial term of one year.

PT DUTA PERTIWI Tbk AND ITS SUBSIDIARIES
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41. Significant Agreements and Commitments (Continued)

On December 29, 2005, the Company and DHR signed a Supplemental Agreement to the Franchise Agreement dated January 1, 2005. Based on the Supplemental Agreement, the Company and DHR agreed to extend the Franchise Agreement until March 31, 2006 under the same terms and conditions, except for the Franchise fee to be paid to DHR which amounted to US\$ 3,000 for the three months extension period.

- f. On September 14, 2001, the Company, as the major stockholder of PT Sinarwisata Lestari (SWL) and as the ultimate and beneficial owner of Dusit Mangga Dua, entered into a Franchise Agreement with Dusit Thani Public Company Ltd., registered and beneficial owner of the trademark "Dusit." Based on the said agreement, the Company discontinued all its existing license, management support and management incentive agreements with Dusit Pacific International (DPI) and all the subsidiary companies of DPI (Pacific Hotels and Resorts, B.V.; Dusit System, B.V.; and Dusit Promotion, N.V.) effective December 31, 2001. However, the Company still wishes to continue the right to use the trademark "Dusit" solely for its hotel property.

On November 4, 2002, the Company continued the agreement with Dusit Hotels & Resorts Co., Ltd. (a subsidiary company of DPI), under the same terms and conditions. This agreement took effect on January 1, 2003 for an initial term of one year, whereas on December 19, 2003, the agreement has been extended up to December 31, 2004.

On January 1, 2005, the Company extended its Franchise Agreement with DHR. Based on the extension, DHR required SWL to pay franchise fee for the right to use the trademark "Dusit" solely for its hotel property for a sum of US\$ 1,250 per month, which should be paid in full on a yearly basis. The extension of the agreement took effect on January 1, 2005 for an initial term of one year.

On December 29, 2005, the Company and DHR signed a Supplemental Agreement to the Franchise Agreement dated January 1, 2005. Based on the Supplemental Agreement, the Company and DHR agreed to extend the Franchise Agreement until March 31, 2006 under the same terms and conditions, except for the franchise fee to be paid to DHR, which amounted to US\$ 3,750 for the three months extension period.

- g. On April 25, 2002, the Company signed a joint operations agreement to Build, Operate and Transfer (BOT) with the Association of Low Cost Shophouses Jakarta International Trade Center ("the Association") to build kiosks totaling 77 units in a public area of 418.50 square meters, which includes supporting facilities, for 20 years starting July 2003, the date of the agreement, until July 2023.

During the BOT period, the Company can rent out, transfer its rights or lend the kiosks to the Association. The agreement can be extended for a certain period with the consent of both parties. At the end of the BOT period, the Company will transfer the kiosks to the Association.

- h. On April 15, 2002, PT Perwita Margasakti (PMS), a subsidiary, signed rental agreement with PT Carrefour Indonesia (formerly PT Contimas Utama Indonesia), with total rental fee amounting to Rp 114 billion and will be received by PMS based on the payment schedule in accordance with the agreement for a period of 20 years starting June 1, 2003.

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41. Significant Agreements and Commitments (Continued)

- i. On May 23, 2002, the Company entered into an agreement with PT Matra Olahcipta (MOC), an associated company, based on Agreement No. 65 of Buntario Tigris Darmawa Ng, S.H., S.E., notary public in Jakarta. The purpose of the agreement is to build a shopping center, with or without residential areas, and other facilities on MOC's land, with total area of about 37,060 square meters, located in Jalan Arteri Permata Hijau, South Jakarta. The Company will fund the project and will do marketing and sales of the project to other parties.

The Company and the other stockholders of MOC agreed that project management will be performed jointly by both parties through establishment of a project committee consisting of representatives from both parties.

- j. On May 14, 2003, the Company signed a joint operations agreement with the Local Government (Pemda) in Jakarta under Build, Operate, and Transfer (BOT), to build a bridge and an underground channel totaling 3,041 square meters in Jalan Aquarium, including its shop facility of 196 units or 1,559.80 square meters, which will connect Harcomas building and Mall Mangga Dua building. This agreement is valid for 25 years starting from the date when the bridge and underground channel are ready for use.

During the BOT period, the Company can rent out, transfer its rights or lend the shop facility to third parties. At the end of the BOT period, the Company will transfer the bridge, underground channel and the shop facility to Pemda, Jakarta.

- k. On October 8, 2003, PT Perwita Margasakti (PMS), a subsidiary entered into a Build, Operate and Transfer (BOT) Agreement with the Local Government (Pemda) in Jakarta, wherein PMS will build a bridge and a tunnel, each consisting of kiosks, which will connect Superblok Ambassador Kuningan and ITC Kuningan located at Jalan Prof. Dr. Satrio, South Jakarta.

PMS has the right to operate the bridge and tunnel together with the kiosks for twenty-five (25) years commencing from the signing of the agreement. Upon expiration of the twenty-five year period, PMS will transfer a portion of the kiosks from the bridge and the tunnel to Pemda.

- l. On December 1, 2003, PT Indah Kiat Pulp & Paper Tbk (IKPP) granted the Company the authority to sell, transfer, assign and/or release the rights to other parties on the land with Building Use Rights, owned by IKPP, including, but not limited to, all properties on the land area of 3,286 square meters, which is located in Taman Duta Mas, Jelambar.

- m. On February 18, 2004, the Company entered into an agreement with PT Phinisindo Zamrud Nusantara (PZN), an associated company, based on Agreement No. 15 of Drs. Gunawan Tedjo, S.H., M.H., notary public in Jakarta. The purpose of the agreement is to build a shopping center, with or without residential areas, and other facilities on PZN's land, with total area of about 32,822 square meters, located in Jalan Margonda Raya, Depok.

Both parties agreed that project management will be performed jointly through the establishment of a project committee consisting of representatives from both parties.

PT DUTA PERTIWI Tbk AND ITS SUBSIDIARIES
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41. Significant Agreements and Commitments (Continued)

- n. On March 23, 2004, PT Saranapapan Ekasejati (SPE), a subsidiary, signed an agreement with PT Fun World Prima (FWP) to manage playground at Kota Bunga – Puncak. The profit sharing is based on certain percentage from operational income, which is 30% for SPE, 65% for FWP and 5% for sinking fund. This agreement ended on October 31, 2004.

On November 1, 2004, SPE signed an agreement with FWP for using the Arena Fantasi and Little Venice which are located at Kota Bunga – Puncak. Based on the agreement, FWP has an obligation to pay certain amount for using the place, building and facilities for the period covered in the agreement, with the installment payment starting from November 1, 2004 until August 1, 2006. This agreement is until November 1, 2006.

42. Segment Information

Primary Segment Information

The Company and its subsidiaries' primary segment information is presented based on their business activities, namely, real estate, property, hotel and information technology. These business activities are the basis on which the Company and its subsidiaries report their primary segment information.

The Company and its subsidiaries' primary segment information are presented as follows:

	2005				
	Real Estate	Property	Hotel	Information Technology	Elimination
	Rp	Rp	Rp	Rp	Rp
Revenues					
Revenues from external parties	640,732,439,092	152,828,127,291	97,629,347,157	-	-
Segment results					
Segment gross profit	316,887,440,571	152,828,127,291	62,810,674,780	-	-
Income from operations	(27,410,354,823)	105,291,809,930	7,071,230,656	-	25,088,015,008
Interest expense	(153,345,631,200)	-	(19,175,740,515)	-	-
Equity in net income of associated companies	103,544,717,683	-	-	-	(103,506,180,683)
Other income - net	153,566,324,352	26,802,213,440	9,534,419,428	2,519,741	(25,088,017,158)
Income (loss) before tax	76,355,056,012	132,094,023,370	(2,570,090,431)	2,519,741	(103,506,182,833)
Tax expense (benefit)	(1,536,777,410)	15,155,875,938	-	-	-
Income (loss) before minority interest in net income of the subsidiaries	77,891,833,422	116,938,147,432	(2,570,090,431)	2,519,741	(103,506,182,833)
Minority interest in net income of the subsidiaries	-	-	-	-	(27,899,490,173)
Net income (loss)	77,891,833,422	116,938,147,432	(2,570,090,431)	2,519,741	(131,405,673,006)

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42. Segment Information (Continued)

Primary Segment Information (Continued)

	2005					Consolidated Rp
	Real Estate Rp	Property Rp	Hotel Rp	Information Technology Rp	Elimination Rp	
Segment Assets	5,471,947,977,352	687,823,702,038	185,780,499,104	94,323,732	(1,828,166,693,049)	4,517,479,809,177
Investments in shares of stock of associated companies	68,746,103,886	-	-	-	-	68,746,103,886
Total	5,540,694,081,238	687,823,702,038	185,780,499,104	94,323,732	(1,828,166,693,049)	4,586,225,913,063
Unallocated assets						25,914,105,058
Total Assets						4,612,140,018,121
Segment Liabilities	2,396,118,368,750	95,325,232,489	177,218,120,177	-	(67,495,000,000)	2,601,166,721,416
Other Information						
Depreciation						35,869,695,471
Noncash expenses, excluding depreciation						4,513,013,836
Cash flows from operating activities						
Cash receipts from customers						1,117,412,456,771
Cash paid to contractors, suppliers and others						(211,375,802,629)
Others						(977,623,930,303)
Net cash flows from operating activities						(71,587,276,161)
Cash flows from investing activities						
Proceeds from sale of property and equipment						826,480,000
Acquisitions of property and equipment						(15,940,554,256)
Others						787,079,364,191
Net cash flows from investing activities						771,965,289,935
Cash flows from financing activities						
Net proceeds from Medium Term Notes and bonds						178,000,000,000
Others						(715,409,864,893)
Net cash flows from financing activities						(537,409,864,893)

	2004					Consolidated Rp
	Real Estate Rp	Property Rp	Hotel Rp	Information Technology Rp	Elimination Rp	
Revenues						
Revenues from external parties	675,273,790,368	133,229,943,298	91,623,026,107	-	-	900,126,759,773
Segment results						
Segment gross profit	297,013,695,449	133,229,943,298	59,171,049,106	-	-	489,414,687,853
Income from operations	10,411,591,286	86,807,620,075	5,648,167,538	-	9,326,482,361	112,193,861,260
Interest expense	(97,037,683,991)	-	(23,023,225,200)	-	-	(120,060,909,191)
Equity in net income of associated companies	72,637,561,873	-	-	-	(63,046,660,084)	9,590,901,789
Other income - net	87,391,005,034	22,614,583,027	764,501,553	2,539,631	(4,671,031,242)	106,101,598,003
Income (loss) before tax	73,402,474,202	109,422,203,102	(16,610,556,109)	2,539,631	(58,391,208,965)	107,825,451,861
Tax expense (benefit)	3,867,953,673	12,237,224,484	-	-	759,807,796	16,864,985,953
Income (loss) before minority interest in net income of the subsidiaries	69,534,520,529	97,184,978,618	(16,610,556,109)	2,539,631	(59,151,016,761)	90,960,465,908
Minority interest in net income of the subsidiaries	-	-	-	-	(31,317,489,812)	(31,317,489,812)
Net income (loss)	69,534,520,529	97,184,978,618	(16,610,556,109)	2,539,631	(90,468,506,573)	59,642,976,096

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42. Segment Information (Continued)

Primary Segment Information (Continued)

	2004					
	Real Estate Rp	Property Rp	Hotel Rp	Information Technology Rp	Elimination Rp	Consolidated Rp
Segment Assets	5,099,614,064,393	751,706,225,052	186,380,527,814	91,803,991	(1,425,916,907,687)	4,611,875,713,563
Investments in shares of stock of associated companies	76,707,566,886	-	-	-	-	76,707,566,886
Total	5,176,321,631,279	751,706,225,052	186,380,527,814	91,803,991	(1,425,916,907,687)	4,688,583,280,449
Unallocated assets						16,677,893,205
Total Assets						4,705,261,173,654
Segment Liabilities	2,382,131,101,379	93,264,802,826	246,748,058,456	-	(68,570,000,000)	2,653,573,962,661
Unallocated liabilities						23,290,305
Total Liabilities						2,653,597,252,966
Other Information						
Depreciation						34,059,847,185
Noncash expenses, excluding depreciation						4,303,017,209
Cash flows from operating activities						
Cash receipts from customers						1,067,407,261,878
Cash paid to contractors, suppliers and others						(181,368,224,023)
Others						(752,963,777,346)
Net cash flows from operating activities						133,075,260,509
Cash flows from investing activities						
Proceeds from sale of property and equipment						1,088,475,000
Acquisitions of property and equipment						(6,644,583,336)
Others						(718,167,823,579)
Net cash flows from investing activities						(723,723,931,915)
Cash flows from financing activities						
Net proceeds from loans from banks and other financial institutions						720,642,090,714
Others						(81,797,890,669)
Net cash flows from financing activities						638,844,200,045

Secondary Segment Information

The Company and its subsidiaries' secondary segment information is presented based on geographical segment, that is, based on the location of the assets or location of business activities.

Secondary segment information based on geographical location is presented as follows:

	2005 Rp	2004 Rp
Revenues from external parties		
Jakarta	811,061,972,065	854,993,475,024
Surabaya	37,005,208,135	2,381,908,190
Balikpapan	43,122,733,340	42,751,376,559
Consolidated Revenues	891,189,913,540	900,126,759,773
Segment assets		
Jakarta	6,178,366,607,250	6,017,271,835,458
Surabaya	188,289,682,975	41,463,634,318
Balikpapan	73,650,420,945	72,442,611,565
Total before elimination	6,440,306,711,170	6,131,178,081,341
Elimination	(1,828,166,693,049)	(1,425,916,907,687)
Consolidated Assets	4,612,140,018,121	4,705,261,173,654

PT DUTA PERTIWI Tbk AND ITS SUBSIDIARIES
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43. Effects of Economic Conditions

Indonesia is still experiencing continuous period of severe economic difficulties as a result of the instability in global economy and social and political uncertainties in Indonesia. The delay in the economic recovery in Indonesia has resulted to decline in availability of credit as well as decrease in available employment opportunities and foreign investments.

The economic improvement and sustained recovery are dependent upon several factors such as fiscal and monetary actions being undertaken by the Government, actions that are beyond the control of the Company and its subsidiaries. The Company and its subsidiaries' future operations may continue to be significantly affected by the continuation of these conditions.

As of the date of these consolidated financial statements, the management of the Company and its subsidiaries do not believe that the above uncertainties have any measurable specific impact on the recoverability of assets of the Company and its subsidiaries or on the ability of the Company and its subsidiaries to meet their financial obligations as they fall due.

44. Subsequent Events

- a. In January 2006, the Company paid to PT Saranapapan Ekasejati (SPE), a subsidiary, the remaining 5,000,000 shares amounting to Rp 5,000,000,000, which have not been paid-up as of December 31, 2005. After such payment, SPE's authorized, issued and paid-up capital amounts to Rp 95,000,000,000 in accordance with Notarial Deed No. 22 dated July 28, 2005 of Yulia, S.H., notary public in Tangerang.
- b. In January 2006, the Company paid for the remaining 15,000,000 shares of PT Prestasi Mahkota Utama (PMU), a subsidiary, amounting to Rp 15,000,000,000 thus, PMU's authorized, issued and paid-up capital amounts to Rp 105,000,000,000 in accordance with Notarial Deed No. 6 dated April 14, 2005 of Yulia S.H., notary public in Tangerang.
- c. In January 2006, the Company paid to PT Kurnia Subur Permai (KSP), a subsidiary, amounting to Rp 7,000,000,000. After such payment, KSP's paid-up capital amounts to Rp 205,000,000,000 in accordance with Notarial Deed No. 12 dated September 13, 2005 of Lenny Janis Ishak S.H., notary public in Jakarta.
- d. Based on the Extraordinary Meeting of Stockholders of PT Misaya Properindo (MYP), a subsidiary, held on January 16, 2006, the stockholders agreed to distribute cash dividends of Rp 500 per share or totaling Rp 10,000,000,000.

Based on the Extraordinary Meeting of Stockholders of MYP as stated in Notarial Deed No. 6 dated January 16, 2006 of Lenny Janis Ishak, S.H., notary public in Jakarta, the stockholders agreed to decrease MYP's authorized, issued and paid-up capital from Rp 20,000,000,000 or 20,000,000 shares to Rp 10,000,000,000 or 10,000,000 shares or a decrease of Rp 10,000,000,000 or 10,000,000 shares, particularly the Company's shares. The approval from the Minister of Law and Human Rights of the Republic of Indonesia is still in process.

- e. On January 13, 2006, the Company paid to PT Sinarwisata Permai (SWP), a subsidiary, Rp 4,500,000,000 of capital. Thus SWP's paid-up capital amounts to Rp 71,000,000,000 in accordance with Notarial Deed No. 15 dated August 19, 2005 of Yulia S.H., notary public in Tangerang.

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44. Subsequent Events (Continued)

- f. On January 13, 2006, the Company had paid-up shares of PT Mitrakarya Multiguna (MKM), a subsidiary, amounting to Rp 1,500,000,000. Thus MKM's paid-up capital amounts to Rp 108,000,000,000 in accordance with Notarial Deed No. 3 dated August 1, 2005 of Yulia S.H., notary public in Tangerang.
- g. Based on the Minutes of Stockholder's meeting of PT Royal Oriental, a subsidiary, dated January 16, 2006, the stockholders agreed to pay cash dividends amounting to Rp 38,712,500,000 or Rp 190 per share.
- h. Based on the Minutes of Stockholder's meeting of PT Perwita Margasakti (PMS), a subsidiary, as documented in Notarial Deed No. 7 dated January 16, 2006 of Lenny Janis Ishak, S.H., notary public in Jakarta, the stockholders agreed to decrease PMS' authorized, issued and paid-up capital by Rp 40,000,000,000 or equivalent to 40,000,000 shares which were all contributed by the Company. Thus, the total authorized, issued and paid-up capital decreased from 75,000,000 shares or equivalent to Rp 75,000,000,000 to 35,000,000 shares or equivalent to Rp 35,000,000,000. The approval from the Minister of Law and Human Rights of Republic of Indonesia on these changes is still in process.

45. Additional Information on Consolidated Statements of Cash Flows

In 2005, the Company acquired PT Kembangan Permai Development (KPD) and PT Duta Semesta Mas (DSM), subsidiaries, while in 2004, the Company acquired PT Putra Alvita Pratama (PAP). The fair value of assets and liabilities at acquisition is as follows:

	2005		2004
	KPD	DSM	PAP
	Rp	Rp	Rp
Assets:			
Cash	4,124,821	335,470,162	73,744,268,607
Investments	-	-	1,022,000,000
Other accounts receivable	-	-	2,940,831,226
Inventories	15,274,950,179	76,894,617,938	461,398,728,793
Prepaid taxes	-	7,466,201,900	103,996,403
Advances	-	1,114,181,000	-
Deferred tax assets	-	-	4,210,001,165
Property and equipment (net of accumulated depreciation of Rp 173,038,692)	-	-	2,210,389,838
Total Assets	15,279,075,000	85,810,471,000	545,630,216,032
Liabilities:			
Bank loan	-	-	3,964,935,830
Taxes payable	4,111,000	75,000	24,734,713
Accrued expenses	-	-	7,249,992,888
Advances received	-	-	105,715,000,000
Other liabilities	-	10,396,000	-
Due to related parties	4,318,000,000	-	-
Total Liabilities	4,322,111,000	10,471,000	116,954,663,431
Net assets	10,956,964,000	85,800,000,000	428,675,552,601
Percentage of ownership acquired	80%	60%	53.52%
Net assets acquired	8,765,571,200	51,480,000,000	229,427,155,752
Goodwill	34,428,800	-	9,470,844,248
Proceeds	8,800,000,000	51,480,000,000	238,898,000,000
Less:			
Cash	4,124,821	335,470,162	73,744,268,607
Cash outflows for acquisitions	8,795,875,179	51,144,529,838	165,153,731,393

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46. Reclassifications of Accounts

Certain accounts in the 2004 consolidated financial statements were reclassified to conform with the 2005 consolidated financial statement presentation. A summary of such accounts after and before reclassification is as follows:

	After Reclassification Rp	Before Reclassification Rp
Consolidated Balance Sheet		
Trade accounts payable to third parties	16,158,070,638	23,299,889,338
Other liabilities	51,343,655,477	44,201,836,777

The above reclassifications did not affect the 2004 consolidated statement of income and consolidated statement of changes in equity.

Attachment



DIRECTORS' STATEMENT
ON
THE RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
PT DUTA PERTIWI Tbk and its Subsidiaries

We, the undersigned:

- | | |
|--|--|
| 1. Name | : MUKTAR WIDJAJA |
| Office Address | : Jl. Arteri Mangga Dua Gedung JITC Lt.7&8 |
| Residential Address/in accordance with
Personal Identity Card | : Jl. Mangga Besar VIII/8 |
| Telephone Number | : 6019788 |
| Title | : President Director |
| 2. Name | : WELLY SETIAWAN |
| Office Address | : Jl. Arteri Mangga Dua Gedung JITC Lt.7&8 |
| Residential Address/in accordance with
Personal Identity Card | : Jl. Kemanggisan Utama VII/C.23 |
| Telephone Number | : 6019788 |
| Title | : Vice President Director |

declare that:

1. We are responsible for the preparation and presentation of the Company's and Its Subsidiaries' consolidated financial statements for the year ended December 31, 2005.
2. The Company's and Its Subsidiaries' consolidated financial statements have been prepared and presented in accordance with generally accepted accounting principles.
3. a. All information has been fully and correctly disclosed in the Company's and Its Subsidiaries' consolidated financial statements, and
b. The Company's and Its Subsidiaries' consolidated financial statements do not contain materially misleading information or facts, and do not conceal any information or facts.
4. We are responsible for the Company's and Its Subsidiaries' internal control system.

This statement has been made truthfully.

Jakarta, 1st March 2006



Muktar Widjaja
President Director

Welly Setiawan
Vice President Director